



Daily Report

Latin America

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Tuesday
26 October 1993

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Cuba

EC Parliamentarian on Efforts To Lift Blockade

FL2510232593 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Oct 93

[Text] European Parliamentarian Eugenio Malandri has affirmed that the European Parliament is demanding lifting the U.S. blockade against Cuba and repeal of the Torricelli law. Malandri is scheduled to meet today with Carlos Lage, vice president of the Council of Ministers, Foreign Minister Roberto Robaina, and Foreign Trade Minister Carlos Cabrisas. Journalist Gisela Bel Heredia interviewed Eugenio Malandri for us.

[Begin recording] [Bel] What is the European Parliament's current position on the blockade against Cuba and the need for it to be lifted?

[Malandri] The position of the European Parliament on the blockade against Cuba is very, very clear as reflected in its report. The report clearly asks the U.S. Government to lift the blockade against Cuba. It asks the U.S. Government to repeal the Torricelli law, adding that the Torricelli law is evil and defies international law. The parliament also invites Cuba and the EC to seek ways to reach a cooperation accord.

[Bel] What do you personally think of this action implemented against Cuba for more than 30 years?

[Malandri] To say that I disagree is not enough. I believe it is senseless and counteractive to decent economic and political ties among nations. It seems more like a [words indistinct] than what the U.S. Government wants to do to Cuba.

[Bel] Do you believe the European Parliament will continue to struggle for clarity regarding the U.S. blockade against Cuba, and its consequences?

[Malandri] I believe that more than the European Parliament itself, many other European parliamentarians will continue to fight the blockade.

[Bel] Are there new Europarlamentarians interested in knowing the Cuban reality up close?

[Malandri] I believe so. You know that there are people who come to Cuba from Europe to see and understand the situation. A meeting will be held in Cuba next month in which scholars, businessmen, and 10 European parliamentarians will participate. There is a keen effort to see and know the Cuban reality. [end recording]

Havana Cites Indonesia's Alatas on U.S. Embargo

FL2510202893 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Oct 93

[Text] Indonesian Foreign Minister Ali Alatas reiterated his country's rejection of the U.S. economic blockade

against Cuba during a meeting with Cuban Vice Foreign Minister Mario Rodriguez, who is making an official visit to Indonesia.

Bilateral and international issues were discussed at the meeting, as were issues concerning the Nonaligned Movement, currently chaired by Indonesia.

Castro Terms Denial of U.S. Visa to Maradona 'Absurd'

FL2510193293 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Oct 93

[Text] Commander in Chief Fidel Castro has sent a letter to Argentine soccer player Diego Armando Maradona, who recently sent him a No. 10 soccer jersey with an inscription conveying friendship toward Fidel.

Argentine journalist (Daniel Van der Becken) personally handed the jersey to Fidel and received the letter for Maradona. Herewith a recording of the conversation between Fidel and the Argentine journalist:

[Begin recording] [Van der Becken] I am being received here by Commander Fidel, who is now working hard. Has a minor change been made to your letter, Commander?

[Castro] Yes, because I realized that I did not review it carefully. Diego is a dear friend and he deserves the best possible treatment.

[Van der Becken] A few hours ago, I asked Diego how his love affair with Cuba started. He told me that more than with Cuba, with the people, primarily with...he said to me there is no one like Fidel. He remembered that you talked with his mother about cooking, about Argentina.

[Castro] Right there, where you are sitting now, he was here with his family. We chatted here for a long time. Then I gave him a beret as a gift, which I believe he took even to Italy. It was a very pleasant, homey, friendly conversation. I have just seen the interview and I was able to appreciate his great maturity. Maradona spoke very well. He spoke with great wisdom, with great intelligence. I and all of us here were greatly impressed by your televised interview with him.

[Van der Becken] Besides, he touched on specific topics. For instance, he said: if the Americans denied me an entry visa because I am Fidel's friend, so be it; if the pope criticizes me because I have ties with the Cubans, so be it. These are major statements, right?

[Castro] I believe, however, that the pope has not criticized him. I have not heard any criticism from the pope because he is our friend. I was not aware that he had been denied a visa to enter the United States. This is incredible, absurd. When did that happen?

[Van der Becken] It happened this year, a short time ago, when....

[Castro, interrupting] This very year?

[Van der Becken] This very year, Commander.

[Castro] Under this administration? It would be more logical to me to expect such a decision from Reagan or Bush than from the new U.S. Administration.

[Van der Becken] It was under this administration. First, they said Maradona had to go personally to apply for the visa. When he went, they told him that he had to wait 45 days. He had been invited to attend a TV program taped in Miami for Argentina. He had been invited by his brother, who plays soccer in Miami.

[Castro] Yes, in his interview Diego said his brother is playing soccer in Miami. I also enjoyed his joke that perhaps he will not be able to come to the World Soccer Cup [chuckles].

[Van der Becken] Diego also said many other things. For instance, he said: Can you imagine, when I arrived there Fidel held my daughter—who was then three months old—in his arms. He said: I state that there is no one like Fidel. This remark by Maradona, who is such a popular figure, has been widely reported. Foreign reporters accredited here in Cuba, as well as major world media organizations, have reported on this friendship between Maradona and Fidel.

[Castro] Well, that is just because he is extremely kind. He said that because he is extremely generous and kind. [end recording]

Commentary Says U.S. Trying To Obstruct Investment

PA2510184093 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Oct 93

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[Text] First it was U.S. Ambassador in Mexico John Dimitri Negroponte; now it is William Price with the same post but in Honduras. They and all of their colleagues in Latin America have a point in common in their working agenda: obstructing possible investments in Cuba. Price has threatened Honduran businessmen with possible difficulties if they make investments in land, industries, or buildings nationalized by the Cuban state.

With the ghost of judicial proceedings against those who invest in nationalized Cuban property, the United States is trying to place a new obstacle between Latin American businessmen and the attractive Cuban market.

A U.S. spokesman in Tegucigalpa has told the media that similar threats were made against the governments of the other Latin American countries. We cannot forget that Mexican businessmen have already conducted mutual beneficial businesses with Cuba in the area of textiles and that Honduran businessmen, including Miguel Facusse, have shown an interest in the Cuban market.

The tactics adopted by U.S. diplomats the world over is not new. They persist in making threats against potential investors or they simply spread rumors about the high risk of making business in Cuba.

The Cuban Government has revealing statistics regarding the number of investors, who after deciding to reach agreements with Cuba, have changed their minds after being pressured by the United States.

U.S. representatives believe Latin America is a high priority zone for these purposes, a position that coincides with Cuba's desire to strengthen ties with its neighbors at a time when it has to readjust its economic relations.

Not all those interested in investing in Cuba change their mind after being pressured by the United States, however. The increasing presence of foreign businessmen in Cuba is significant. There were 124 foreign firms in Cuba in 1987, but by the start of the present month there were 481, in addition to more than 80 mixed economic associations of other types.

Definitely, the Negropontes and Prices throughout the world are also missing their target.

Intersputnik Council To Hold Meeting in Havana 'Soon'

FL2510165593 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Oct 93

[Speaker in recorded portion identified by screen caption]

[Text] The Council of the Intersputnik international satellite communications organization will meet here soon.

Cuba is a founding member of Intersputnik, an organization which was created in 1971 and which today consists of 70 subscribers and 20 member countries. Intersputnik is now operating on the basis of commercial principles.

In the upcoming 22d session of the Intersputnik Council, an attempt will be made to find new ways of increasing its economic efficiency and competitive ability.

[Begin Communications Vice Minister Mercedes Car-racedo recording] Current topics such as the financing of a new generation of express satellites [satellites express], which will start operating in 1994, will be discussed. An important subject for Cuba is also the use of orbital positions and of the Intersputnik satellites with a view to start operating a new generation of satellites in 1997. [end recording]

Cuba is the second largest subscriber of the Intersputnik system and it ranks second among its investors. Thus, many of the topics to be discussed at the upcoming session are highly significant for our country.

[Begin Carracedo recording] We are very interested in two topics to be discussed at the session. They are: the creation of regional offices [words indistinct] and, secondly, the assignment of monitoring functions to ground stations of member countries. [end recording]

Burmese Foreign Minister Meets With Robaina, Departs

FL2610001893 Havana Cuba Vision Network in Spanish 2320 GMT 25 Oct 93

[Text] Before departing Cuba, Burmese Foreign Minister U Ohn Gyaw presented to Foreign Minister Roberto Robaina and Eusebio Leal a contribution for the Asian House in Havana.

Presenting valuable gifts to host countries is among the oldest of Burmese traditions. On this occasion, the Burmese foreign minister donated to the Asian House a collection of 13 bronze and precious-wood carvings. Havana City historian Eusebio Leal thanked the Burmese official on behalf of Havana.

Later on, U Ohn Gyaw gave a news conference with Robaina, during which he stated that this visit further ratifies the ties between the two nations. Gyaw added that among the most pleasant moments of the trip was his opportunity to speak with Commander in Chief Fidel Castro. Likewise, he added that his visit was of great importance for the establishment of future economic ties in the pharmaceutical-medical, sports, tourism, and sugar industries.

Alarcon Meets With PCP Secretary General Cunhal

FL2610024393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Oct 93

[Text] On 25 October, Ricardo Alarcon, president of the National Assembly of the People's Government, met with Alvaro Cunhal, secretary general of the Portuguese Communist Party [PCP], who arrived in Cuba on 24 October at the invitation of the Communist Party of Cuba [PCC].

Alarcon welcomed the legendary communist fighter who stressed his desire to observe the Cuban situation and study ways to cement solidarity with the Cuban Revolution. Cunhal will stay in Cuba until 30 October.

During his stay, Cunhal will visit farming and scientific centers and will meet with PCC, government, and mass organization leaders. The PCP leader will brief Cuban officials on his party's views and strategy in response to Europe's current reality.

Aruba

Aruban Talks With Dutch Government Viewed

BR2510153893 Rotterdam NRC HANDELSBLAD in Dutch 23 Oct 93 p 2

[Unattributed article: "Aruban Parties Hold Talks on Coalition"]

[Text] The Hague, 23 Oct—The Aruban Government and opposition will soon meet to discuss the formation of a crisis cabinet to solve the dramatic situation of government finances.

This was agreed last week in talks between Prime Minister Lubbers, Minister Hirsch Ballin (of Kingdom Affairs), Aruban Prime Minister N. Oduber, and opposition leader J.H.A. Eman. During three long conversations, Lubbers and Hirsch Ballin insisted on the formation of a broad political coalition on Aruba to carry out strong measures to restrict government spending. "We came closer to one another," opposition leader Eman said yesterday evening. "In the near future, in a few weeks, I expect an important change in the political relations on Aruba."

Eman would prefer new elections, but Prime Minister Oduber has problems with this idea. The possibilities now under consideration are the formation of an interim cabinet which would carry through financial cuts and prepare early elections, or a new coalition of the two largest Aruban parties, without elections in the short term.

During the talks in The Hague, a number of new agreements were also made regarding closer cooperation between the Netherlands and Aruba, now that it has been decided that Aruba will continue to be part of the kingdom after 1996. The provision that Aruba will become independent on 1 January 1996 will be removed from the Statute for the Kingdom. Simultaneously a new provision will take effect, establishing a statute law for the fight against cross-border crime (drug trafficking and laundering drug money). A new statute law will also apply to improving financial management, which will require the timely preparation and presentation to parliament of sound budgets, and controls over the financial room for maneuver open to the government, which must be related to Aruba's economic situation.

Haiti

Haiti's General Cedras Says He Is Resigning

BR2510141493 Paris LIBERATION in French 25 Oct 93 p 9

[Exclusive interview with General Raoul Cedras, acting president of Haiti, by C.L.; date and place not given: "Raoul Cedras: 'I Am Resigning'—Haitian Strong Man Continues To Make His Departure Conditional Upon

Parliament Passing an Amnesty Law To Which He Claims Aristide [elected president] Is Opposed"—first paragraph is LIBERATION introduction]

[Text] General Cedras, aged 42, the commander in chief of the Haitian Army appointed by President Aristide, initiated the military coup that overthrew the president on 30 September 1991. He recently gave LIBERATION an exclusive interview.

[C.L.] Do you believe that the Governor's Island agreements are now void or obsolete?

[Cedras] I think that it has been a good transition plan so far, but the plan was not adhered to as it should have been. The UN believed that the plan could be implemented in four months, starting from the signature [of the agreements]. However, it has taken three months already merely to carry out the initial stage of the plan. Given the current blockage, we are now less than one week away from the 30 October deadline. If we want to succeed in implementing the agreement we will either have to modify the conditions or change the date on which it comes into force.

[C.L.] Who is to blame for these delays?

[Cedras] The main aim of the agreement was to establish the conditions required to ensure the peaceful transition [of power] by establishing a climate of confidence, and a political truce. Another objective was to lay down the bases for a new social pact.

We had planned to have a mixed government. The selected cabinet was filled virtually exclusively with adherents of President Aristide. The international community had promised to assist [with our country's] development throughout the transition period. That assistance was put off until after the transition.

As to aid to modernize the armed forces, the UN proposed to restore the roof of a hospital kitchen that had burned down, and to refurbish the military high school...plus 2 or 3 bunkers used for supervising training in 4 provincial garrisons.

[C.L.] And yet you still have not resigned as provided for in the agreements!

[Cedras] But I am resigning! I have agreed to return home so as to facilitate the solving of the crisis. It is time for me to take the retirement I so richly deserve. On 14 October I wrote to President Aristide, asking him to ensure that the competent government agencies took the necessary steps to honor my rights to early retirement.

However, first we must have the vote on the amnesty bill as laid down in the agreements. The members of parliament are ready to endorse this bill, but President Aristide has still not issued the decree convening Parliament to this end. And it is me who is being accused of delaying tactics!

The president must also appoint a new commander-in-chief, and his choice must be ratified by the Senate, as stipulated in the constitution. All this can be done in 2 or 3 days. All I want is to retire.

Moreover, I would like to say that contrary to frequent allegations, I never led any military government. The day after the coup of 30 September 1991, civil governments assumed power.

[C.L.] How can the agreements be relaunched? Do you believe, as the minister of information stated, that "the train of democracy" might be late in arriving, depending on whether the Governor's Island agreement "stays on the rails."

[Cedras] That's a nice way of putting it. Yes. I would go along with that. However, the amnesty bill is an essential prerequisite for guaranteeing the safety, not just of the army, but of a whole section of the Haitian society. The amnesty is not a precondition, but a right enshrined in and guaranteed by the Governor's Island agreements. Everyone needs security, assurances, and respect. Most members of the military did not want the current crisis, and they do not want it to drag on now. Quite obviously, as I already said, if we want to get round to implementing the agreement, we will have to modify its conditions or change the date on which it takes effect.

Cedras, Malval Meet 23 Oct; Due To Meet Again 25 Oct

FL2510141293 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Oct 93

[Text] General Raoul Cedras and Prime Minister Robert Malval finally met during the evening of 23 October after the presentation by the office of the Crisis Committee at the Haitian parliament of a package of proposals aimed at disentangling the sociopolitical situation. The meeting, which took place at the prime minister's residence in Delmas 83, was labelled as positive by Malval. The two men talked about the settlement plan proposed by the senators and deputies gathered under the presidency of Dr. Antoine Joseph of Crisis Committee. Nothing from these talks has been announced.

However, in a communique published in Port-au-Prince, the Army pointed out that it was favorable to any steps leading to a peaceful transition. This press release says that the military institution favors the initiative of all sectors of the national life interested in concerted action, transparency, intensification of dialogue, and the enlightened support of the international community.

On 20 October, the Crisis Committee office failed in its attempt to gather around the same table these two men who had not seen each other since 7 October. We have learned that Prime Minister Malval and Gen. Cedras will meet again today [25 October] in the presence of Dr. Antoine Joseph [president of the Chamber of Deputies].

25 Oct Meeting; To Meet Again 27 Oct

FL2610013593 Port-au-Prince Radio Metropole in French 2200 GMT 25 Oct 93

[Report by Clarens Renois monitored in progress; passages within italics in English—recorded]

[Text] ...Malval. But let me tell you first that the meeting lasted about three hours, three hours of discussion among the executive, the Army general staff, and some members of parliament. I saw the president of the National Assembly there. Opposition senators were also present, such as Senators Julio Larosiliere and Ebrane Cadet. They were present for these discussions that began today. But the points that were raised obviously still concern the votes on the amnesty law, the law on the separation of the police and the Army, and the vote of the law... [pauses] more particularly, the problem of parliamentarians' safety.

The three-hour meeting did not lead to any official statements on the outcome of these first negotiations, these initial talks among the executive, the Army, and the parliament. Obviously, there will be other meetings. We learned this from Frantz Voltaire, who is a member of Prime Minister Robert Malval's private cabinet. The Army, the executive, and the parliament are going to meet again on 27 October.

But what should be pointed out is that perhaps by tomorrow [26 October], one will see a disentanglement of parliament's activities begin. Sen. Julio Larosiliere said so. Sen. Ebrane Cadet said so as well. As of 26 October, the parliamentarians will try to meet in order to begin work on the bills.

Now if you would like further explanations on this first day of negotiations between the Army—at least the Army general staff—and the executive, Robert Malval's government, let us listen to Frantz Voltaire.

[Begin recording] [Voltaire] Questions were raised. There was no formal agreement on those questions. So discussions will take place again on 27 October. Another statement on these issues will be made on 27 October. That is to say, the meeting... [changes thought] We have agreed on the procedures and on an agenda. [words indistinct]

[Unidentified Journalist] *Did General Cedras discuss resignation?*

[Voltaire] That is one of the points that has not yet been debated, but that will certainly be debated on 27 October.

[Journalist] There was no agreement?

[Voltaire] [words indistinct] *There is no accord. We will meet again on Wednesday [27 October].*

[Journalist] *What did you discuss?*

[Voltaire] *They were discussing many points... [pauses] the law, the separation of the police and the Army, the amnesty law, and the security problem. This is what [words indistinct] [end recording]*

Those were statements by Frantz Voltaire to a group of waiting journalists, those who waited the whole day in front of the prime minister's residence, those who slept on the bare ground waiting for the conclusion of these first discussions. There was no formal agreement. The discussions were fruitful, according to some statements. The discussions will resume on 27 October.

Crisis Committee Presents Proposals

FL2510183093 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Oct 93

[Report by Jean-Ralph Cheriza—recorded; passages within italics in Creole]

[Text] On 23 October, the parliamentarians designated by the Alliance for [Parliamentary Cohesion, ACP] signed a plan for a way out of crisis which is to be submitted to the judgement of the political forces in the presence of the international community.

[Cheriza] This time, the work has been done and if everything goes well, the two chambers will meet on 26 October to vote simultaneously the amnesty law as well as the one creating and organizing the national police force. The ad hoc Crisis Committee that worked for several days in order to get the country out of the infernal imbroglio has noted three major hindrances to the outcome of the Governors Island Agreement. They are, among others, the question of amnesty, the composition of the government, and technical assistance. It is true that other issues, other questions such as insecurity, international mediation, and the meeting of the two chambers were raised.

It was very late, 1600 on 23 October when Antoine Joseph, president of the office of the Crisis Committee and his first secretary Ebrane Cadet signed this set of proposals. This plan by the office asks for a resumption of the 10 September convening order with all the laws provided for by the New York Pact, notably the amnesty law. The latter will be voted on at the same time as the law creating and organizing the national police force on 26 and 28 October. They will have to be promulgated in LE MONITEUR, the official newspaper of the Republic of Haiti according to the opinion of these parliamentarians.

The ad hoc commission presided over by the Petionville elected representative at the Chamber of Deputies, Dr. Antoine Joseph, also made suggestions to the two antagonistic forces in the [word indistinct] of the Governors Island Agreement. It accepts the retirement of General Cedras and that the president will provide for his replacement. But on the other hand, the head of government should agree to modify the composition of his team while taking into account the various political factions

represented at the parliament in a prospect of appeasement and national reconciliation. Then, international cooperation in all fields will be resumed. This plan satisfies at the same time the wish of the Army that the amnesty cover the actions of the putschists and that of the government to separate the Army and the police. It is just reasonable, said Antoine Joseph, an elected representative of the Movement for the Establishment of Democracy in Haiti [headed by former Prime Minister Marc Bazin].

[Joseph] *It is a proposal that we think, that we deem reasonable. I think if there is goodwill for a way out of the crisis, the parties responsible for the entanglement, all the parties can take a step [words indistinct]. This is what we wish and are waiting for.*

[Cheriza] But one of the problems this crisis office will have to overcome is the stand of the National Front for Change and Democracy [FNCD] parliamentarians who have kept away from the crisis office and questioned its legitimacy. In point 11 of this plan, the ACP urges the FNCD elected representatives to join them. Antoine Joseph, who is always optimistic, invites the international community to put pressure on the parliamentarians close to Aristide's for the implementation of this plan. He invites his colleagues to reason.

[Joseph] *...say that we are those who are entangling the parliament. This was completely false. We say that it was completely false because at this time, as I talk to you now, most FNCD deputies are abroad in the United States. So, we are not [those who hinder the parliament]. The people say we have hindered it. We, who have worked on the document, will take all measures so between now and 26 October all deputies, who were members of the Crisis Committee and all other deputies close to us, who are members of the political bloc of the FNCD and its allies, can be there while hoping that the FNCD will understand that the proposal was not made with passion, that it was made with the praiseworthy intention of disentangling the crisis. Then, they will acknowledge that they were wrong and will say there is nothing wrong with this proposal that has been made. Then, they will come.*

We also think that there is something important that they should do. Instead of accusing groups—working for a solution—on the basis of their supposed intentions, they should come to work. Then, if they see the group is not moving toward what they want, they can withdraw. For the time being, they must let the group work. It is not good to start saying bad things, writing about people, and trying to slander people for no reason whereas in fact we have never had any malicious intentions as you have noted.

[Cheriza] This plan proposed on 23 October also asks the government to set up a protocol in order to welcome the various delegations of the international community, notably the United Nations, the OAS, sponsors, technicians, and specialists. If it accepts the plan, the government will also have to take legal measures to curtail the

pirate media and censure those that preach violence and sorrow, confusion and panic by citing regularly and daily names and addresses of persons to be uprooted. It remains to be known if this plan will be supported by the all opposing forces. Antoine Joseph is confident.

[Joseph] *Gen. Cedras told us that he has no problem with retiring. On the contrary, he voluntarily signed for that in Governors Island Agreement. He even sent a letter to President Aristide to show that he does not have any problems in voluntarily retiring before the due time. So, the document is not a problem for Gen. Cedras. As regards the government, we raised the problem of the widening of this government. We also had discussions with Malval on 25 October. Even before the discussions, he clearly said that he had no problems in widening the government. Obviously, he will have to consider what parties will be authorized to enter the government and second he will not do so under pressure. The time of truth is undoubtedly 26 October for the vote on the amnesty law and the police. What will happen? Let us wait and see.*

Army Denies Knowledge of Proposal

FL2610020893 Port-au-Prince Radio Metropole in French 2200 GMT 25 Oct 93

[Text] Right before the second meeting between Prime Minister Malval and General Cedras, the Army met with the press to say that no formal agreement had been reached during the first meeting. Let us listen to Colonel Jean-Pierre on that score:

[Begin recording] [Jean-Pierre] Contrary to what the international press and Mr. Dante Caputo are saying, no concrete decisions resulted from this meeting. No formal or informal agreement was reached. I can also tell you that no plan for settlement has been communicated to the general command. You spoke of a resolution plan proposed by parliamentarians. To whom have they proposed it?

[Unidentified journalist] But it has been proposed to the nation, it is public, that is, the press....

[Jean-Pierre, interrupting] The general command has not been informed of this plan.

[Journalist] What was discussed in the meeting between Mr. Malval and Gen. Cedras?

[Jean-Pierre] I am not able to answer you. We told you that no decisions, no agreements resulted from the meeting, from that meeting.

[Journalist] That was the spokesman for the military institution, Col. Pierre Antoine [name as heard], who met with the press at noon today, right before the second meeting between the Army chief, Gen. Cedras, and Haitian Prime Minister Robert Malval.

Caputo Reacts to Opposition Legislators' Proposal

FL2510185893 Port-au-Prince Radio Metropole in French 1045 GMT 25 Oct 93

[Text] The proposal prepared by opposition legislators was also sent to the representative of the UN/OAS secretary general, Dante Caputo. Here is his reaction, right after the presentation of this proposal by the opposition legislators:

[Begin recording] There is here a set of ideas regarding a mechanism to unblock decisions in the parliament [on] the question concerning the law creating the police, as established in the Governors Island agreement, and the question concerning the amnesty law, as provided in the New York pact. Gentlemen, there was a worrisome problem there. The legislators who sent us this proposal are offering us a mechanism by which to resolve the question. We are considering those ideas positively. We consider that the mechanism here proposed can, if all the parties work together, break the deadlock at the parliament.

The government is asked to bid me be calm. I quite agree to be increasingly calm. The essence of this proposal is that all of that is an initiative to fulfill Paragraph 9 of the established agreement—the return of President Aristide on 30 October; therefore, those legislators from the opposition insist on the return on 30 October. Here, gentlemen, are the central ideas of our reactions.

I would like to add some thoughts to those ideas. First: It is very good! It comes from Haitians. It is a positive initiative to resolve the crisis. There are some elements that we consider positive, some that are not ours and some others that are not from the Security Council. However, a Haitian solution is welcome.

Second: It is necessary to see in order to believe; [repeats] it is necessary to see in order to believe. [end recording]

This is the reaction from Dante Caputo, the international mediator in the Haitian crisis.

Malval Meets With Caputo, Cancels U.S. Trip

FL2510212993 Port-au-Prince Radio Metropole in French 1600 GMT 25 Oct 93

[Excerpt] Malval government Information Minister Herve Denis gave today's news conference. Our reporter Clarence Renois reports live:

[Renois] There is still no official response from the government to the 11-point proposal from the parliament's crisis committee, which is composed of opposition senators and deputies. At the moment, the government [word indistinct] to this proposal. According to the information minister, President Aristide has been sent a copy.

Here we are at an undoubtedly crucial phase of the Haitian crisis, a crucial point. It is the last straight line to 30 October, and the Haitian prime minister understands

this. Information Minister Herve Denis announced during the news conference that Malval will not be traveling to the United States, but that President Aristide, who in principle must return to Haiti on 30 October, will address the United Nations on 28 October.

Meanwhile, negotiations with Dante Caputo, who just arrived five or ten minutes ago, continue here at the residence of Prime Minister Robert Malval. They are meeting in camera. This afternoon at 1800 GMT, another meeting, even more important, will no doubt be held, for the Army general staff, members of government, and legislators. [passage omitted]

Senators Reject Caputo Call to Former U.S. Leaders

FL2610021693 Port-au-Prince Radio Metropole in French 2200 GMT 25 Oct 93

[Text] Another point in the news is the initiative of mediator Dante Caputo who is trying to break the Governors Island agreement deadlock. Dante Caputo has called on former U.S. political leaders to come to Port-au-Prince at the beginning of the week to guarantee the safety of the parliamentarians who should, theoretically, vote this week on the amnesty law and the law separating the police and the Army. But this Dante Caputo proposal has been virtually rejected by members of the Haitian Senate, notably by Bernard Sansaricq and Thomas Eddy Dupiton.

Jamaica

North Korea, Israel, Australia To Close Embassies

FL2310183793 Bridgetown CANA in English 1711 GMT 23 Oct 93

[Text] Kingston, Jamaica, 23 Oct. CANA—The diplomatic missions of North Korea, Israel, and Australia are in the process of closing their offices in Jamaica for various reasons.

A statement from the Australian High Commission Friday said its mission which will remain accredited to all Commonwealth Caribbean countries would be transferred to Bridgetown, Barbados next January. It will share facilities with the Canadian High Commission there. The statement said the move was part of an effort, "to serve our interests in the Eastern Caribbean, as well as offering long-term cost savings through sharing with the Canadians."

While no formal statements have come from the North Koreans and the Israelis, media reports have quoted officials of both embassies as confirming their imminent departures. The North Koreans are said to be closing their embassy of 16 years here for financial reasons. The mission is expected to shut its doors by month-end.

"I cannot discuss the full reason for our decision to leave, but I can say its true that we have had some financial problems," second secretary in the North Korean Embassy, J.S. Lim was quoted by the JAMAICA OBSERVER as saying.

Israel, is reported to be pulling out because of the failure of the Jamaicans to set up a "reciprocal" mission in Tel Aviv. Jamaica's ambassador to Germany visits Israel once a year. The Israelis will now operate on the same basis.

"It would be sufficient time, hopefully, to maintain bilateral arrangements," Lador Fresher, deputy chief of mission in the Israeli Embassy told the GLEANER newspaper.

A statement from the Opposition Jamaica Labour Party (JLP) issued prior to news of the Australian pull-out, urged the administration "to tell the country why the government of Israel and North Korea have decided to close down their embassies in Jamaica." It noted that

Jamaica and Israel in particular had maintained a "friendly relationship" over the years. The party called on government to indicate whether it sought to dissuade the two countries from moving their embassies.

In its statement Friday, the Australian High Commission said its decision to pull out of Jamaica was in line with the "current climate of fiscal restraint" and a decision by Australia and Canada to share embassy facilities where possible. The choice of Barbados was for practical reasons, the statement said. "It was the one location in the Commonwealth Caribbean where the Canadians physically could accommodate an Australian mission," it added.

Parliamentary secretary in the Ministry of Foreign Affairs, Anthony Hylon gave an assurance late Friday that relations between Jamaica and the three countries remained "cordial." A Foreign Ministry spokeswoman quoted Hylton as saying: "Embassies go through assessment and revisions from time to time and that is their right."

Impact of NAFTA on Argentine Exports Examined

PY2610001493 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1648 GMT 24 Oct 93

[Text] Buenos Aires, 24 Oct (NA)—The North American Free Trade Agreement (NAFTA) encompassing the United States, Canada, and Mexico will surely have a negative impact on Argentine agricultural trade, but progress made within the Uruguay Round of the GATT talks will balance this.

In addition, there is also the possibility that Argentina may join NAFTA.

The NAFTA treaty was signed on 19 December 1992, but it has yet to be approved by the legislatures of the three respective countries.

The treaty groups 360 million people with an annual production of more than \$6 billion. [as received]

There already exist bilateral agreements between the United States and Mexico (the 1987 commercial and investment treaty); and between the United States and Canada (the 1988 free trade agreement).

A publication issued by the Agriculture, Livestock, and Fishing Secretariat views the impact that such an agreement will have on Argentine agricultural production and trade.

In principle, agricultural trade may increase with these countries, because their standards of living will improve.

But bilateral trade may also suffer with some of these countries because of their mutually advantageous trade measures.

The seriousness of the situation lies in the types of products exported by Argentina and the prevailing level of tariff and non-tariff barriers.

Although NAFTA is a trilateral treaty, the agriculture sector is controlled through three bilateral agreements. We will therefore only view the impact that the U.S.-Mexican treaty will have on Argentina.

Regarding the livestock sector, Argentina will not lose any trade because it has no active participation in the Mexican market.

As for the U.S. market, Argentina is subjected to the limitations imposed by foot and mouth disease regulations, according to which it is allowed to export to the United States only cooked frozen and canned beef. If these health measures change, Mexico will become Argentina's main beef export competitor because of the exemptions it enjoys under the meat imports law.

Mexican dairy imports will increase but Argentina would have difficulty in exporting because the United States enjoys numerous advantages through the NAFTA agreement.

In the vegetable sector, Argentina competes with all three markets. It may be able to exploit the seasonability of products and insist on the need to implement production changes encompassing value added increases.

In the cereal area, Argentina will have a very limited participation because the United States and Canada, in that order, will be the great suppliers in the region.

As for the oil seeds sector, Argentina competes with the United States in the Mexican market. Argentina has exported to Mexico 12 percent of oleaginous seeds and 27 percent of oils.

For the time being Argentina cannot compete with the subsidies and credits that the U.S. Government grants to oil seed producers.

Mexico is a sugar importer, and its demand for refined sugar will increase as its population experiences a better standard of living. Argentina has 9 percent of the Mexican sugar market. If Mexico replaces sugar with artificial sweeteners, it may become a sugar exporter; and therefore Argentina may decrease its participation not only in the Mexican market, but also in the U.S. market.

Argentina has 31 percent of the Mexican tobacco market; the United States will enjoy the advantages of reduced licenses imposed by the NAFTA treaty, and this may cause the virtual displacement of Argentine trade.

* Alarm Voiced Over Private Sector Debt

94CA0007B Mexico City *EL FINANCIERO* in Spanish
4 Sep 93 p 6

[Commentary by free market advocate Luis Pazos: "Foreign Debt, Again?"]

[Text] In the wake of the announcement that Mexico's foreign debt stands at \$121 billion, the highest in Mexico's history, discussions have once again begun on a problem that seemed to have been resolved when much of our foreign debt, both public and private, was rescheduled at the outset of the current administration.

Some analysts find the size of the foreign debt as of June 1993 to be worrisome. The Finance Secretariat indicated that although the foreign debt is nominally larger, it is smaller in relation to the current size of the economy than it was before.

In 1988 Mexico's foreign debt stood at approximately \$100 billion, and the rescheduling decreased it to \$95 billion.

In 1988 Mexico's external indebtedness was equivalent to almost 60 percent of the GDP, whereas in June 1993 it was just 33 percent.

Although the Finance Secretariat's numbers are accurate and although it is a fact that the government has been careful not to borrow more (some years it even made payments on the debt), the same does not apply to the foreign debt of private enterprise.

In the face of high domestic interest rates, big businesses floated bonds overseas. The debt of private companies stood at less than \$5 billion in 1989. By June 1993 it was three times larger, \$16 billion.

The banks saw a good business in borrowing dollars at rates of under 10 percent and then lending them out at rates often up to three or four times higher.

The commercial banks had borrowed so many dollars that last year the Bank of Mexico decreed a legal-reserve requirement of 20 percent on dollar deposits in order to discourage this business. In 1989 the debt of the commercial banks was less than \$9 billion; by June 1993 it had already more than doubled (\$20 billion).

The only sound way to prevent further dollar-denominated borrowing by companies and private banks is to narrow the gap between interest rates in the United States and Mexico as soon as possible.

As for the public sector's dollar-denominated foreign debt, although the direct debt shrank, a new type of foreign debt has been created through the purchase of government bonds by foreigners.

The domestic debt shrank as a percentage of the GDP from 27 percent in 1989 to 10 percent in 1993, but to a large extent it became indirect foreign indebtedness.

More than half of the Treasury Certificates and other government domestic-debt instruments in circulation are in the hands of foreigners. Paradoxically, such borrowing is a sign that the international community has confidence in Mexico. But it could become dangerous if we abuse it by offering much higher interest rates than the other developed countries [sic] do.

If at a given moment negative expectations about the Mexican economy become widespread, this sort of debt grows very volatile and could cause serious disruptions, as happened in several countries of the European Community.

If Mexico's economy offers positive prospects for the remainder of this six-year term, if inflation and interest rates in Mexico and the United States converge, and if the Free Trade Agreement goes into effect, then this debt may not pose a danger and may instead further Mexico's development.

But if there are upsurges in inflation, if domestic interest rates rise, and if ratification of the FTA is delayed, then we may once again be faced with problems of external insolvency and capital volatility similar to the ones at the close of the 1980's.

* Disadvantageous Working Conditions Cited

94CA0007A Mexico City *LA JORNADA* in Spanish
12 Sep 93 p 23

[Article by Judith Calderon Gomez]

[Text] Efforts began yesterday to establish a front against unemployment in a bid to counter the layoffs that so far this year have left more than 900 workers out of a job at Euzkadi and General Motors.

The secretary general of the National Revolutionary Union of Euzkadi Workers, Manuel Rodriguez Serrano, summoned various organizations to the meeting for the purpose of "defending job opportunities," mainly owing to the cutbacks that have been made in the company's plant one in the Federal District.

The Socialist Labor Party (POS), Ford workers, researchers at the National Institute of Fine Arts (INBA), the Revolutionary Workers Party (PRT), the Independent Union of Workers of LA JORNADA (Sitrajor), and the National Union of Telecommunications Workers agreed to take part in the mobilizations and the formation of the front.

Union workers at Euzkadi pointed to the "imminent shutdown of the plant" on Rio Mayran in colonia [urban community] Anahuac, which was the first one built in our country about 60 years ago. They said that 660 workers have been laid off there over the past two years and that only 40 remain at present.

The owners, the Grupo CARSO, have concentrated the production of the tire company in plant four, located in

Guadalajara, the most modern one and in which a faster work pace has been required.

The workers laid off say that the "shift" began in April 1992 when the previous leader of the union, Antonio Martinez Correa, agreed to sign a productivity pact behind the workers' backs.

The pact establishes a pace of production per area, which means more work with no wage-based compensation. It allows workers to be shifted to other posts and the company to avoid paying for "downtime." Before April 1992 the owners were obliged to pay the workers for the time that they were not producing for reasons beyond their control, such as the lack of raw materials or equipment flaws.

The rule as of April 1992 was that only 23 percent of wages would be paid during downtime, and as a result workers' wages are 25 or 30 percent lower.

The reductions are continuing, as 182 workers were laid off from July to date. The last layoff took place on 6 September when some 30 workers were left without jobs.

Contract Violations

The workers at plants two, three, and four (located in La Presa, Mexico State, and Guadalajara) complain that "wages are declining." They explain that after it was agreed that workers could be shifted between areas, working conditions have changed and income has dropped.

Vacancies are not being filled, which has caused work overloads at plants two and three in La Presa.

During the meeting the secretary general, Manuel Rodriguez, asked other organizations for their support in setting up the front against unemployment.

Costa Rica

Government Takes First Step Against U.S. Labor Charges

PA2510152693 Madrid EFE in Spanish 1119 GMT
23 Oct 93

[Text] San Jose, 23 Oct (EFE)—With the approval—during the first debate—of a group of labor laws, Costa Rica has taken the first step in defending itself against charges of an alleged lack of labor guarantees, as presented to the U.S. Department of Commerce.

The Costa Rican Legislative Assembly is expected to approve the last two debates of the bill, which is aimed at increasing labor freedom. The approval will offset the lawsuit filed by the U.S. union AFL-CIO which was accepted by the U.S. Department of Commerce three weeks ago.

Government Legislator Victor Morales said he was pleased that the 40 deputies present at the legislature—out of the 57 that constitute parliament—approved the bill and expressed confidence that this unity would be maintained so as to advance the bill next week. "This consensus is not an agreement in which all parties are satisfied. Nobody opposes the issues, however, because they know that they are the best that can be obtained," the parliamentarian warned.

Even deputies of the social democratic National Liberation Party (PLN), who had planned to present several motions to increase rights in the union sector to be included in a bill, decided to withdraw them at the last minute so as not to block procedures. PLN Deputy Victor Evelio Castro said that he abstained from presenting new motions to the bill "in furtherance of the country's interest."

Meanwhile, in Washington intense efforts are being made to try to stop the proceedings, which are occurring when relations between the United States and Costa Rica are going through a "cold" moment, as has been admitted by diplomatic sources in San Jose.

As the first action in its defense, together with the approval of the labor law, Costa Rica has hired the prestigious law firm of "Manatt, Phelps, and Phillips," which is near to the governing Democratic party. According to preliminary estimates, the law firm's fees will amount to at least \$150,000.

Gonzalo Facio, the Costa Rican ambassador in Washington, considered the approval of this group of laws as "good news" and said it is "urgent" that they be ratified during the second and third debate before 3 November, when the period ends to present the evidence for the defense.

Facio stated to the Costa Rican LA REPUBLICA newspaper from Washington that the hearings with a panel of U.S. Government experts will start on 17 November. "I would rather we not get to those public hearings, but I

believe it is very difficult for the process to be suspended any time soon, because they want confirmation that the necessary changes have been made," the diplomat stated.

A ruling on the case could be given by mid-1994, and if it prospers, Costa Rica will lose the advantages of the Generalized Preferential System and the Caribbean Basin Initiative. Through those programs, Costa Rica exports approximately \$400 million—approximately 40 percent of all its exports—to the United States, its main commercial partner.

* Figueres Continues to Lead in Election Polls

94CA0003A San Jose LA NACION in Spanish
13 Sep 93 pp 4A-5A

[Text] Their elbows are planted on the electoral table. They face off man to man and hand to hand, making the struggle for the Presidency of the Republic an intense bout of arm-wrestling.

In this test of strength five months before the election, Jose Maria Figueres Olsen of the National Liberation Party (PLN) holds the lead over Miguel Angel Rodriguez Echeverria of the United Social Christian Party (PUSC).

But neither has yet shown the muscle to win where it counts most in the end: among undecided voters.

Figueres is ahead of Rodriguez by seven percentage points—40 percent to 33 percent—among those who have already decided to cast ballots in next year's February 6 election for President of the Republic. However, among those who are likely to go to the polls, 23 percent have not yet decided which candidate to vote for.

With his considerable advantage among those who have already made a choice, Figueres needs many fewer undecided votes to win than Rodriguez. This is his major advantage. Rodriguez's edge lies in the larger number of undecideds who look less favorably upon the PLN candidate than on his PUSC rival.

In addition, among voters who are not sure if they will cast ballots or not, the percentage of those favoring Rodriguez is higher.

These are the results of the latest public opinion poll conducted for La Nacion and NC 4 [Channel 4 news] by UNIMER, S.A., the company founded in 1986 and headed by Stanford University graduates Drs. Haydee Mendiola and Carlos Paniagua.

Nationwide, 1,211 voting-age Costa Ricans answered the questionnaire between August 16 and August 30. This sample afforded a margin of error of 2.8 percent with 95 percent reliability. (For more details see sidebar on methodology.)

Voter Groups

The questionnaire identified three distinct groups of voters:

1. Those who have already decided to vote.
2. Those who are uncertain if they will vote or not.
3. Those who have already decided not to vote.

The first group—those who said they will vote—consisted of 965 persons, or 84 percent of the total sample. When asked their intentions, 40 percent said they would vote for Figueres, 33 percent for Rodriguez, and 1.6 percent for others. However, 23 percent have not picked a candidate and remain undecided.

The second group (those uncertain if they will vote or not) makes up 9 percent of the total sample, and those who have decided not to vote amount to 6 percent of respondents to the questionnaire.

The undecideds and uncertain voters were asked additional questions about their likely inclinations. Both segments tended to favor Rodriguez. (The accompanying bar graph breaks this information into greater detail and gives a fuller explanation of the electorate's intentions.)

Party Preferences

According to the survey, the PLN remains the nation's majority party with the backing of 48 percent of the population compared to 37 percent for the PUSC.

Between May—when the last poll was taken—and August, these party alignments have undergone no major changes; in fact they have remained stable over the past year.

PLN slippage—even though the party remains in first place by a wide margin—shows up in the percentage of Costa Ricans who expect it to win the upcoming election.

Following 61 percent ratings in this category last January and May, the PLN is now down to 50 percent.

Who's for Whom?

Within their own parties, Figueres and Rodriguez have similar levels of support. Both have the backing of 93 percent of their respective parties' faithful.

In a breakdown of each candidate's electoral support by socioeconomic sectors, Figueres draws most of his strength from middle income groups. Those with low incomes follow and those with high incomes bring up the rear.

Rodriguez is strongest among the lower class followed by the upper and then the middle classes.

Also important is the gender gap. Figueres is likely to get more votes from men (56 percent) than women (49 percent) while Rodriguez's situation is just the opposite. Of those now favoring him, more are women (45 percent) than men (40 percent).

Other key factors favoring Figueres are that:

—Among those who say they are likely to vote for Figueres, 2 percent identify themselves as PUSC sympathizers. He has the backing of 50 percent of those supporting other parties and 43 percent of those claiming no party affiliation.

—He is also likely to win the vote of 14 percent of those who voted for Rafael Angel Calderon in the 4 February 1990 elections and 56 percent of those who failed to vote that year.

The factors that bode well for Rodriguez are:

—Four percent of the PLN's following would vote for Rodriguez along with 50 percent of the unaffiliated and none of those belonging to other groups.

—Of those who voted for Calderon Fournier in 1990, 81 percent would vote for Rodriguez. Five percent of those voting for 1990 PLN candidate Dr. Carlos Manuel Castillo and 36 percent of those who cast no ballot in the last elections favor Rodriguez.

The total survey numbered 1,211 persons of voting age. Six percent of those questioned said they will not vote for president; 9 percent were uncertain if they would vote or not; 84 percent said they would vote; and 1 percent gave no answer. These data yield the lowest possible margin of error, 2.8 percent.

The 84 percent that intend to vote for president amount to 965 persons. Of this total, 40 percent said they would vote for Figueres, 33 percent for Rodriguez, and 1.6 for others. Some 23 percent said they had not picked a candidate and were still undecided. Those supporting others totalled 1.6 percent while the remaining 2.5 percent gave no answer. Due to the reduced sample size, the margin of error in this data is 3.1 percent.

The 221 undecided (who definitely will vote but have yet to pick a candidate) were asked a series of questions. One asked which of the registered candidates (Figueres, Rodriguez, and Gonzalez Marten) they would refuse to vote for. Of the 221 undecided, 23.5 percent said they would not vote for Figueres, 14 percent would not vote for Rodriguez, 17 percent would not vote for Gonzalez Marten. The rest (45 percent) either did not know or did not answer. Since undecideds make up a relatively small part of the total sample the margin of error in this category is 6.6 percent. This, according to UNIMER, makes the figures themselves less important than the trends they suggest.

Those uncertain if they would vote or not—110 (or 9 percent) of the total sample of 1,211—were asked whom they would support if they finally decided to go to the polls. Thirty-four percent said Rodriguez would get their vote, 17 percent picked Figueres, and 1.6 percent chose Gonzalez Marten. Forty-three percent of the 110 uncertain did not answer, and 4 percent said they cast void or unmarked ballots. The margin of error in this category is

also very high (9.3 percent); thus, as in the preceding case, exact figure are less significant than the trends they indicate.

El Salvador

FMLN's Handal Blames Death Squads for Activist's Murder

PA2510203993 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 25 Oct 93

[Report by Mike Blanchin for the "Facing the Moment" newscast]

[Text] We are here at the Farabundo Marti National Liberation Front [FMLN] headquarters, where an emergency meeting of the Political Committee has just concluded. With us is former Commander Jorge Shafik Handal, the current FMLN general coordinator, to tell us about the decisions made during the meeting.

[Handal] The issue of the death squads has resurfaced as a result of this incident [the murder of FMLN member (Francisco Velis)]. The squads remain active. The investigation demanded by the Truth Commission has not been carried out. The government has turned its back on this, and look what is happening. The way that Comrade (Velis) was killed cannot be described any other way. It was an execution carried out by a group organized for that purpose.

We must put a stop to this. The death squads are the chief threat to the peace process, institutional stability, and the country itself. That is why a national reaction is necessary. We are therefore calling on all national institutions to come out in defense of the peace process. We are first calling on all political parties—all of them, Arena [Nationalist Republican Alliance] included. We think Arena in particular must make a contribution. It must contribute its capability to thwart the activity of these sort of people, who traditionally have had more ties with them than with any other party. Arena, therefore, must play a special role and make a commitment before the entire nation. We are calling on the Catholic Church, all churches of the country, all cultural institutions, and all universities defend the peace process from these threats. We are also calling on our rank-and-file members and militants to become active in all municipalities to make clear the FMLN stance, condemning these incidents, demanding a prompt investigation, and demanding the end of the death squads.

We are also calling on the international community. We are going to hold a meeting with the diplomatic corps, and we will speak to the international community, chiefly the UN secretary general, the U.S. Government and Congress, the Western European governments, the four friends, and the four friends plus one. In summary, we will speak to the international community to make it react to defend the peace process in El Salvador.

FMLN Condemns Murder

PA2510205893 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 25 Oct 93

[Report by Daisy Villalobos from the "Facing the Moment" newscast]

[Excerpts] The Farabundo Marti National Liberation Front [FMLN] emphatically condemned the murder of (Francisco Velis), an FMLN Electoral Secretariat member and a candidate for a deputy position in the forthcoming elections. The murder was perpetrated by two individuals on Monday morning. (Velis), who was also a PRTC [Revolutionary Party of Central American Workers] leader, was taking his two-year-old daughter to a day-care center near the Variedades Theater in Colonia Universitaria in San Salvador when he was attacked by the two men.

In an initial reaction to the crime, FMLN General Coordinator Shafik Handal said the murder was a very serious action and was part of the death squads' new dirty war in the upcoming electoral process.

[Begin Handal recording] This is a very serious incident. It cannot be left, as have the other cases, without a complete investigation. This is very serious. (Francisco Velis) was a member of the FMLN National Council and, as approved at the FMLN National Convention, a candidate for a deputy position.

The first thing that comes to mind is that the death squad issue has still not been clearly resolved. There is a lack of willingness to investigate the death squads, and the problem is still pending even though the Truth Commission has pointed it out and the UN secretary general has been insisting that the Truth Commission's recommendations be implemented.

Second, according to the polls, support for the coalition between the FMLN and Democratic Convergence is increasing. We are currently in second place. This seems to be the objective. They want to strike at the leaders to halt our progress, but we will not be stopped. I am sure the Salvadoran people will punish the people who committed those crimes by putting all their efforts and their votes toward doing away with the representatives of a regime that still must be uprooted and eradicated. The country has suffered with this regime for such a long time, throughout the entire century, and it must be eradicated. [end recording]

According to Handal, (Francisco Velis) was considered one of the high-risk FMLN members who required special police protection, as had been previously agreed with the government. According to witnesses of this shocking crime, a police patrol was 150 meters away but said they heard nothing. One of the witnesses said that (Velis') murderers were waiting for him in front of the day-care center where he took his daughter every day at the same time. [passage omitted]

This new crime occurred amid the Catholic Church's successive charges on actions by death squads. The church has demanded that the deadly groups be dismantled, but the government insists on denying their existence.

Onusal Chief Hopes To Clear Up Velis Murder

PA2510215093 San Salvador Radio Farabundo Marti Network in Spanish 1844 GMT 25 Oct 93

[Report by Dagoberto Corea; from the "Facing the Moment" newscast]

[Text] Onusal [UN Observers to El Salvador] Chief Augusto Ramirez Ocampo referred to the murder of FMLN [Farabundo Marti National Liberation Front] Leader Francisco Velis as serious. The murder took place this morning. Ramirez Ocampo said Onusal will do everything within its power to clear up the murder of Francisco Velis and other crimes with political undertones committed during the past few days.

[Begin Ocampo recording] We are very concerned about these crimes and it seems to me that some of them have strong political undertones. This is precisely why Onusal will do everything within its power to clarify these incidents fully. Some of these incidents you have mentioned are serious, specifically the murder of an FMLN member this morning. This incident truly saddens all of us because it has damaged the extraordinarily positive atmosphere that El Salvador had been experiencing. [end recording]

According to FMLN sources, Velis was considered a high risk member of the FMLN and should have had special police protection as it was agreed with the government. Ramirez also demanded that the government comply with the recommendation in the Truth Commission report of drafting a timetable for its implementation.

[Begin Ocampo recording] Three very important UN documents were drafted last week. One was the report by the secretary general on how the recommendations made by the Truth Commission have been implemented to date. The second was on the planning of the entire electoral program. The last one was the report on human rights, which is for the quarter that ended in July. The report on the following quarter, which includes the month of October, is being drafted. These three reports indicate that the process actually is under way, but that there has been some delay regarding certain points. [end recording]

According to Ocampo, if the government does not comply with the Truth Commission recommendations, the peace process in El Salvador could be in jeopardy.

Guatemala

Draft Bill on Constitution Reforms Part I

PA2610005393 Guatemala City PRENSA LIBRE in Spanish 22 Oct 93 p 14

[First of two parts of "text" of draft bill on reforms to the Guatemalan Constitution drawn up by a group of deputies from the diverse parliamentary political blocs; all chapter and article numbers as published]

[Text]

TITLE III

The State

Chapter II

Article 144: Nationality by Origin

Guatemalans of origin are:

1. Those who are born, in Guatemalan territory, ships, and aircraft; children of Guatemalan father or mother; of unidentified parents of parents whose nationality is unknown.

2. Children of those who are born on Guatemalan territory, ships, and aircraft; children of foreign parents if one of these is domiciled in the Republic. Also, those who are born on Guatemalan territory, ships, and aircraft and children of in-transit foreigners who when they reach legal age establish their domicile in the Republic or express their desire to be Guatemalans. Excluded are the children of foreigners serving in the diplomatic corps or those who hold posts established by Law or by International Law.

3. The children of a father or mother of Guatemalan origin, born outside of the Republic, under the following conditions:

- a) If they establish their domicile in the nation;
- b) If according to the laws of their birth place, a foreign nationality does not correspond;
- c) If they have the right to choose or opt for Guatemalan nationality.

4. Those born outside the Republic's territory, children of Guatemalan fathers or mothers by origin or who had been granted that capacity, if they establish their domicile in the country and choose Guatemalan nationality. Also, those who are included in paragraphs b) and c) above.

5. Those born abroad, children of Guatemalan fathers or mothers who reside outside the national territory because they are holding a government post.

To opt for Guatemalan nationality implies that no other nationality can be used before Guatemalan authorities.

No Guatemalan citizen—naturalized or by birth—can be deprived of his nationality or the rights thereof.

Guatemalan citizens—naturalized or by birth—will not lose their nationality even though they may acquire another nationality.

Article 144: Central Americans

Also considered as Guatemalan citizens are the nationals by birth of the other Republics that form the Central American Federation if they fix their domicile in Guatemala and express, to the qualified authority, their desire to be Guatemalan citizens. Although in this case, they guard their nationality of origin—unless specified otherwise in the laws of the nation of their previous nationality—they are subject to what is indicated in the last paragraph of the previous article and with the exception of that which is established in Central American treaties or agreements.

Article 146: Naturalization

Those who obtain their naturalization in keeping with this Constitution and the corresponding law are Guatemalan citizens.

Article 156: Noncompulsory Nature of Illegal Orders

No official or public employee, civilian or military, is forced to obey evident illegal orders or those that involve the commission of a crime.

If according to a resolution issued by the Constitutionality Court, the president of the Republic seriously breaks the constitutional order, the Army will immediately come to depend on the Congress, which will declare itself in permanent session until constitutional order is restored.

Chapter II

Legislative Branch

First Section: Congress

Article 158: Congress Sessions

The legislative year will begin on 15 January of each year, the day on which the Congress shall meet without the need to be convened.

The first period of the regular sessions will be held between 15 January and 15 May and the second period will be held between 1 August and 30 November. Special sessions will be held...

Article 161z: The Deputies

The deputies are representatives of the people and dignitaries of the nation; as a guarantee for the exercise of their duties they will enjoy the following from the day they are elected:

a) Unaccountability for their opinions and initiative and for the way of conducting public business in the fulfillment of their mission;

b) To guarantee the free exercise of their duties and political actions, they will enjoy the benefit of a preliminary hearing, which means they cannot be arrested or judged if it is not previously declared that there are grounds for proceedings against them.

In the case of an indictment, the Attorney General's Office will conduct the investigations under judicial supervision. Upon their conclusion, with a request for formal charges or dismissal of charges, they will be submitted to the appropriate lower court judge so that once the hearing is held it can process the request made by the Attorney General's Office. If the charges are approved, the case will be submitted to the Supreme Court to determine whether or not there are grounds for proceedings.

If the case involves a flagrant crime, the deputy must be turned over immediately to the disposition of the Congress board of directors or the Congress Standing Committee for the purpose of the respective pretrial.

c) Respect and due consideration proper to their high rank on the part of all government officials and state employees.

d) Free access to any government branch or office in order to carry out their functions well. This prerogative does not authorize arbitrariness, excessive personal initiative, or giving any order that tends to violate the principle of nonreelection, in keeping with the provisions of this Constitution.

Only the Congress will be competent... (remains the same to the end)

Article 162: Requisites for the Post of Deputy

...(Second paragraph)

The deputies will enjoy a four-year term, with the possibility of being reelected.

Article 163: Board of Directors or Standing Committee

The congress will elect its board of directors every year.

At the closing of the annual period of regular sessions, the Standing Committee, made up of the president, vice presidents, and first secretary of the board, will function while the Congress is not in session.

Article 164: Prohibitions and Compatibilities

...(Subparagraph c) is eliminated)

d) Those who have been sentenced to more than five years in prison in an embezzlement [juicio de cuentas] or criminal trial, except for culpable crimes [delitos culpables].

Article 165: Attributions

c) To accept, or not, the resignation of the president or the vice president of the Republic. Congress will verify the authenticity of the resignation.

e) To acknowledge, within a period of five days, in order to execute the temporary succession, the absence of the president and vice president of the Republic from Central American territory. In no case will the president and vice president be absent simultaneously:

g) ...add at the end: The Army will automatically become subordinate to the Congress until the causes that originated the Constitutional rupture are eliminated.

g+) Disavow the president and vice president of the Republic if they flagrantly and expressly violate the Constitution of the Republic.

h) ...after the Supreme Electoral Tribunal... "magistrates of the Constitutionality Court"... and remove "deputies to Congress"...

j) ... [as published]

j) Award decorations, from Congress, to Guatemalans and foreigners:

Article 166: Interpellation of Ministers

The Ministers of State who have occupied their offices for a period of over three months have the duty of appearing before Congress... The only exceptions are those referring to pending military affairs and diplomatic affairs.

Article 168: Attendance by Ministers to Congress

The Ministers of State have the duty of attending and taking part, with the right to speak, in the sessions of the Congress of the Republic, in the commissions, and in the legislative blocs when summoned to discuss affairs of special interest for their respective ministries. The ministers may be represented by their deputy ministers.

Article 170: Specific Attributions

(Subparagraph a) is eliminated)

Article 173: Consultation Procedures

(Remains as is except for the following addition at the end)

A law will establish the conditions and procedures for the different modes of consultation.

Article 175: Constitutional Hierarchy

(Remains as is except for the elimination of: "after the previous ruling from the Constitutionality Court".)

Article 176: Admission and Discussion

After a draft bill is recognized for discussion, the procedure prescribed in the Internal Regulations Law of the Congress of the Republic will be observed. Later, the draft bill will be discussed in three sessions held on different days and will not be voted on until it is deemed the bill has been sufficiently discussed in the third session. The only exceptions are those cases in which the Congress declares national urgency, in accordance with the favorable vote of two-thirds of the total number of deputies that make up the Congress.

Article 177: Approval, Sanction, and Promulgation

After a draft bill is approved, the Board of Directors of the Congress of the Republic, shall send it to the Executive Branch, within 10 days, for its sanction, promulgation, and publication.

If the Executive Branch does not do it, the Board of Directors of Congress will order its publication within a period of no more than three days so that it will go into effect as Law of the Republic.

Article 178: Veto

If the Executive Branch does not return the decree within 15 days following its receipt, it will be considered as approved and the Legislative Branch will have to promulgate it as law within the following eight days. In the case of Congress not being in an ordinary or extraordinary session, the Executive Branch will return the vetoed decree within the first eight days of the following period of sessions.

Article 179: Legislative Prerogative

The Board of Directors must advise the plenum during the next session, once the decree is returned to Congress. Congress may reconsider or reject the decree within 30 days. If the reasons for the veto are not accepted and Congress decides to override it, the Executive Branch must ratify and promulgate the decree within the eight days following receipt of it.

If the Executive Branch does not do so, the Congress Board of Directors will order publication no later than three days after, in order for the statute to go into effect as the law of the land.

Article 180: Effect

The law will go into effect eight days after publication in the OFFICIAL GAZETTE, unless the law itself extends or restricts said period.

Chapter III**Executive Organization****Presidency of the Republic****Article 182: Presidency of the Republic and Conformation of the Executive Branch**

The executive authority of the State is place upon a citizen who receives the title of president of the Republic. The president will work in conjunction with the members of The council Of ministers or separately with one or more members thereof.

The president of the Republic represents the Nation's unity ad the interests of the Guatemalan people. The president and the vice president of the Republic are prohibited from favoring any one political party.

The president and the vice president, the ministers, deputy ministers of state, and subordinate officials shall make up the Executive Branch.

Article 183: Duties of the President of the Republic

c) Appoint the ministers of state.

d) Act as commander in chief of the Army. As such, the president will act as commander of the Armed Forces of the Nation, with all the duties and authority thereof, and commander of all the public forces.

g) Present draft laws to Congress.

j) Submit the national budget draft through the appropriate ministry to the Congress for approval no later than 120 days prior to the first day of the fiscal year. Said draft will contain a detailed description of the government's revenue and expenditures, as programmed by geographical department. If the Congress is not in session, an extraordinary assembly must be convened to review the draft.

k) Submit a detailed evaluation of the execution of the budget, by geographical departments, to the Congress of the Republic every four months for discussion.

k) Delete: "...and the contracts and concessions for public services... [no close quotation mark as published]

k) Pending.

m) Coordinate the nation's development policy, in conjunction with the Council of Ministers.

o) Delete: "... in accordance with the Constitution..."

u) Commute the death penalty in favor of a sentence immediately under it, grant pardon for political, common, or other related crimes.

w) Report to the Congress on the purpose of any trip outside Central America within 15 days of returning, and the results thereof.

The president may delegate to the Presidency Minister the authority described in clauses "r" and "s".

(Note: Verify the number of clauses as a consequence of the correction of clause "k")

Article 184: Election of President and Vice President

The president and vice president of the Republic will be elected by the people through universal vote and for a nonextendable four-year period.

Article 186: Impediments To Holding the Posts of President and Vice President

("Pending consensus")

g) Those who held the posts of magistrate of the Supreme Electoral Tribunal, Court of Justice, or Constitutionality Court, those who held the posts of human rights ombudsman or attorney general during the year preceding election day.

Article 187: Ban on Reelection

("Pending consensus")

(Section Two)

Vice President of the Republic**Article 190: Vice President of the Republic**

(...third paragraph...)

The vice president must have the same qualifications as the president of the Republic, will enjoy the same immunities, and in the State hierarchy, will occupy the position immediately under the presidents of the State branches.

Eliminate subparagraphs e, f, and g that were transferred to Article 202 (Minister of the Presidency).

Article 194: Duties of the Minister

f) Direct, process, resolve, and inspect all business pertaining to his ministry; he will be coresponsible with the president of the Republic for the management of matters pertaining to his ministry.

h) Appear when summoned before the Congress of the Republic and legislative committees and blocs to participate in discussions and debates on matters pertaining to his ministry.

j) Present reports required from him by the Congress of the Republic and legislative committees and blocs.

Article 197: Impediments To Holding the Post of Minister of State

(...last paragraph...)

Ministers may not, under any circumstances, assume the mandate of individuals or legal entities to make business

deals with the State. They may not make deals with the State for third persons either.

Article 198: Log of Ministers' Activities

...that must also include the analytical and department-by-department executions of his ministry, except for the Foreign, Defense, and Presidency Ministries.

Article 199: Interpellations

Ministers are obliged to heed Congress summons to face interpellations.

Article 202: Minister of the Presidency

The President will appoint a minister of the presidency who will be tasked with following up on measures and orders issued by the president of the Republic to make public administration efficient; he will preside over the Council of Ministers in the president's absence; will preside over advisory bodies of the Executive Branch that establish laws; and he will coordinate the work of minister of state. He will also have the specific duties established by law.

He must have the same qualifications as the ministers and will enjoy the same privileges and immunities they do.

Chapter IV

Judicial Branch

(First section)

General Provisions

Article 203: Judicial Branch Independence and Authority to Judge

Justice is imparted according to the Constitution, the laws of the Republic, and the international treaties ratified by Guatemala. It concerns...(remains the same to the end...)

Article 204: Special conditions for the Management of Justice

Courts of justice will obligatorily abide by the principle that the Constitution of the Republic prevails over any law, in any resolution or ruling.

Article 205: Judicial Branch Guarantees

The following are instituted as Judicial Branch guarantees:

c) The nonremoval of magistrates and judges, except for cases established by the law; and [as published]

Article 209: Judicial Career

The judicial career is hereby established. The appointment and promotion of magistrates, judges, secretaries,

and other auxiliary court personnel will be done based on examinations and merit according to the law.

Article 212: Specific Jurisdiction of the Courts

(...add to the end...)

The existence of special jurisdiction courts is forbidden.

Article 213: Judicial Branch Budget

(...second paragraph...)

Funds derived from the management of justice and their investment are an exclusive right of the Judicial Branch and it is in charge of their investment. The Judicial Branch must publish its estimated budget on an annual basis; and it must submit a report to the Congress of the Republic every six months, explaining the goals achieved and analyzing the budget's implementation.

De Leon To Send Constitutional Reforms to New Legislature

PA2510223693 Guatemala City Teleonce Television in Spanish 1900 GMT 25 Oct 93

[From the "Teleprensa" newscast]

[Text] President Ramiro De Leon Carpio said today that he has decided not to submit the list of constitutional reforms to Congress, as he had announced late last month, until the new legislature is installed. De Leon Carpio said that he made this decision based on the fact that the constitutional reforms that the Congress is promoting distort the intended objectives and would justify modifying the constitutional text.

The president also said that no state of emergency will be declared during the weeks between now and Sunday, 28 November, which is the date set for the referendum. De Leon Carpio said he is certain the citizens will support the purge of Congress and the Supreme Court.

De Leon on Reforms

PA2610034693 Guatemala City Teleonce Television in Spanish 0000 GMT 26 Oct 93

[Report on news conference by Guatemalan President Ramiro De Leon Carpio with unidentified reporters at the Presidential Palace in Guatemala City on 25 October; from the "Telepress" newscast—recorded]

[Text] President Ramiro De Leon Carpio on 25 October said that he decided not to submit to the Congress a list of amendments to the Republic's Constitution that he had announced in late September until the new legislature is installed. De Leon Carpio said he made this decision considering that the amendments to the Constitution that the Congress is promoting distort the intended objectives and would justify modifying the constitutional text.

The president also pointed out that no state of emergency would be declared between now and Sunday, 28 November, which is the date of the referendum. De Leon Carpio said he is certain that the citizens will support the purge of the Congress and the Supreme Court of Justice. President De Leon Carpio recalled that when he assumed the presidency he made a commitment only with the Guatemalan people:

[Begin recording] [De Leon] When I assumed the post of constitutional president of the Republic of Guatemala I was clearly aware that I had made a commitment with the Guatemalan people, with the housewives who day after day must work miracles, so to speak, to ensure their budgets will stretch far enough, and with the heads of household who day after day must carry out tiresome tasks to bring home food while facing the difficulties that insecurity causes.

I also made a commitment with the student who struggles to learn and become better to build a promising future, with the investor who allows this country to develop by believing in it. I also made a commitment with laborers, teachers, peasants, industrialists, and businessmen. In a word, I made a commitment with all Guatemalans.

In accepting the country's presidency I did not have in mind personal or family interests. I was not moved by any political party or by the opportunity to be in the pages of history. I accepted such a delicate challenge although many warned me that two years of government would bring about unnecessary wear and tear. Actually, my proven inclination to serve the Guatemalan people moved me to accept this responsibility.

Believe me, I thought that I would have the opportunity to represent the people, to work for the people, and to be the spokesman and the valid interlocutor of the people. Without false modesty I could say that those expectations led me to accept this honor.

The Guatemalan people know that I have expressed the need to make constitutional amendments because replacing people, that is, members of the Congress and Supreme Court of Justice, alone will not solve current institutional, structural, and political problems. I have said this on various occasions.

We must recall what was the true inspiration behind the constitutional amendments. Their main goal was to eliminate all privileges that have allowed officials to take advantage of public service and not fulfill their duties as public servants. This is why I said from the very beginning that the constitutional amendments, which are also legal, should above all prevent political impunity and corruption in particular.

That is why we are surprised, for instance, by the fact that although the president of the Republic from the beginning ordered the total suspension of the Confidential Funds and transferred them to the health and education fields and the Confidential Funds ceased to exist

at the Executive Branch and the Presidency of the Republic—and the whole Guatemalan people know so—because they were the main source of corruption, now some intend to amend the Constitution, in contradiction to the initiative I sent to the Congress of the Republic, and they find a legal substitute for these Confidential Funds and call them Discretionary Funds.

In this case the Guatemalan people must clearly realize that the Confidential Funds must not exist. Just as they do not currently exist at the Presidency of the Republic or the Executive Branch, the Confidential Funds of the other two State branches and any other State entity should not exist and should be removed from the Constitution. This would be a great political step.

In this regard, the reforms should be aimed at not allowing impunity and corruption and that is why the topics are concrete, as are the transparency of the nation's General Budget, the pretrial—they mean to [words indistinct] and make it appear as if the [mechanism] of the pretrial will be reformed, but they mean to conserve impunity through the pretrial and this must not be so; this must be reformed.

The strengthening of the Attorney General's Office, the strengthening and authentication of the National Comptroller's Office and other issues must be aimed at not allowing political impunity and must continue the struggle against political corruption which has hurt Guatemala so much.

However, the route taken by the factions [in Congress] to carry out the said Constitutional reforms has totally disavowed the original intent of the reforms. The State's interests are simply not prevailing. The deputies have had a new opportunity. The first such opportunity was the possibility of the self-purge, which they were not capable of fulfilling, and the people know it. This opportunity for a self-purge was wasted, and the people know it too. Now, they have had another opportunity, to carry out reforms, but not beyond what the political situation demands.

The reforms should allow the strengthening of the institutions and not introduce elements that may distort them due to the diversity of interests far removed from the construction of a better Guatemala. The sectors that form civilian society have not been heard. That is why all these sectors have already spoken out against these reforms, against their being carried out this way, and against their being carried out by a branch made up of persons from whom the people are requesting resignations.

The Catholic Church, the Bar Association, organizations for the defense of the Constitution, people's organizations, trade unions, that is to say, Guatemalan society, through its different social cultural, religious, political, and other representatives, are saying no to this kind of reform, and no to them being carried out by the current Congress.

In light of the current situation, as president of the Republic of Guatemala, I have decided not to transfer—at least for the time being—the proposal for constitutional reforms that the Executive Branch would send as an initiative for a law, until after 28 November when, through the referendum [consulta popular], the people will attain a new Congress. [three-second break in reception]

[Words indistinct] I said it in my first message, when I requested the resignations of the deputies, or their self-purge. I said it clearly, and it is on the record, that parallel to the new Congress and the purged Congress I would deliver the initiative with the constitutional reforms the Executive Branch might deem convenient. [sentence as heard]

This has been disavowed, today there is talk of reforming an article for which the Constitution prohibits any reform [words indistinct] of the part of the statutes the Congress should reform [words indistinct] the dogmatic part which only a National Constituent Assembly can reform, and others such as that regarding reelection, which can never be reformed. This is sad. This article is inflexible and that is a characteristic that was introduced in the Constitution in a legal and doctrinaire manner.

Today, there is even talk about reforming [words indistinct] rights even though only a National Constituent Assembly may do so. This means it has been so extended that it appears more like it is a measure for causing delay by the Congress of the Republic to avoid carrying out any kind of reform, or maybe carry out reforms that are not exactly what the people need [words indistinct].

Before concluding, I believe it is necessary to reaffirm to the people, to whom I owe myself and whom a profoundly respect, that throughout this process there has never been any personal interest on my part; and, above all, I wish to take advantage of this opportunity to state that the rumor regarding the intention on my part to present myself as a presidential candidate in future elections is totally false. This is even laughable.

I say this because I recognize the full validity, effectiveness, and legitimacy of the precept that prohibits him who has occupied the presidency from running for president of the Republic. Reasons for which any attempt at reforming this article under the current situation must be rejected. These articles must never be reformed. These articles regarding reelection and all those articles for which members of the constituent [as heard] established a prohibition on reforms in order to guarantee nonreelection based on the [lessons we learned from the] dictatorships of the past, and the misuse carried out in the past in that kind of reelection [words indistinct] official mechanisms for the same.

At this moment, it is necessary that we wait for the withdrawal of the deputies and the magistrates of the Supreme Court of Justice; and that, with the formation of the new Congress, the Constitutional reform is viable.

In light of all the foregoing, I cannot accept and I reject the reforms as they have been promoted as they have totally and absolutely disavowed the original spirit that motivated them.

That is the main reason I have called this news conference, but I am, nonetheless, at your disposal to answer any questions you may have. However, before the questions, I want to take advantage of this occasion to make brief comments on three topics.

One of them is on what has been said about the State of Emergency.

In a news conference and within the context of different topics I discussed, I explained that in the Guatemalan Constitution and in the Public Order Law there are mechanisms so that in the case of an emergency, or when needed, a state of emergency can be established. I explained that this government, if necessary, at a given time, in a given area, and for a given period of time, is ready to take the measures and make use of those mechanisms as they were established by the Constitution for a purpose.

However, in first place, at no moment—and I am glad to be able to tell you journalists this, and I think the media knows of my spirit for the defense of freedom of the press, in the past, now, and in the future—at no time have we thought of restricting the right to free expression of thought and the freedom of the press when restricting some rights through a state of emergency. I believe this is very clear, especially knowing the democratic spirit and the defense of the cornerstone of democracy—freedom of the press—carried out by the President of Guatemala.

On the other hand, logically, this will not be done. If at some time the president makes this decision, which he could make in the future, it will logically not be now, because [two-second break in reception] could not [one-second break in reception] freedom because the referendum, as none of the challenges filed succeeded, if the final ruling from the Constitutionality Court, the Referendum will be held on 28 November and will be an unprecedented democratic exercise, direct and pure democracy, and will be an example for the whole world because we will attain the purge and political restructuring through a democratic, constitutional, and legal method, as opposed to what is also being attained in other countries but through different methods. Through illegal and unconstitutional methods and, which is worse, through antidemocratic methods.

Therefore, 28 November will be a happy day in which all those citizens [two-second break in reception] want the deputies and magistrates to remain in office or not, by marking yes to support and back the president of the Republic so that he can, then, demand—by the command and sovereignty of the people of Guatemala—the deputies and magistrates to present their resignations or not.

Thus, I clarify this because there have been many comments regarding a state of emergency. I repeat, this is a mechanism that is established in the Constitution. At some moment, in some area, and for some time, the president is ready to implement such a measure and I am sure that the vast majority of the population, which is an honest population, the people who suffer the violence and lack of safety will applaud the president and support him, if with these measures [the government] will be able to control delinquency and crime in Guatemala in some area or some territory.

I am sure that all those who are listening or watching me on television, and who belong to the vast majority of honest families that suffer the lack of safety and the crimes, muggings, robberies, and so on will support the president if he adopts those specific actions at a given moment—but, I repeat, without restricting freedom of the press and, naturally, without doing it right now because this would jeopardize the referendum.

Moreover, I hereby announce that I will begin a presidential tour throughout Guatemalan territory on 2 November to fulfill my pledge, meaning to deliver the remaining 8 percent to the 330 municipalities, 92 [three-second break in reception] problems we have exerted ourselves to the utmost to fulfill our pledges to the people in the countryside. We will bring those 92 million [two-second break in reception] population know what amount of money is received by the mayor and municipal authorities, so they may follow up on this, participate in the carrying out of local projects, and evaluate the investment of those resources because they belong to the Guatemalan people.

Consequently, just as I promised two months ago, on 2 November I will begin another presidential tour to 60 different municipalities, to include 330 municipalities and directly deliver the remaining 8 percent, according to the Constitution. I hope I will be able to fulfill my duty by delivering [two-second break in reception] the Guatemalan people [word indistinct] presidential duty to deliver that 8 percent according to the Constitution.

I will also use the opportunity to deliver 22 million quetzales to [name indistinct], which is carrying out a project in the countryside. I lack the time to inaugurate so many projects but the 22 million quetzales will help them continue the social project to benefit villages, farms, [words indistinct] health, particularly in rural areas. I will also deliver 22 million quetzales for a land project.

I will use the presidential tour to continue the delivery of land titles [three-second break in reception] protect their land ownership rights. This represents a total of 136 million quetzales. We will deliver them to the countryside in November. This way we will prove the economic decentralization with facts, rather than words. Resources will be transferred precisely to the poorest areas, the most neglected areas, the areas with the most needs. We will also carry out administrative decentralization. Thus,

the president will contact his people directly; the president of the Republic will directly contact and communicate with the communities so they may participate directly in the adoption of decisions and establish their priority plans—as we have done in the past. This will result in decentralization and allow the citizens' participation through a direct communication and visits to many places where, never in the history of this country, a president has visited.

[Reporter] [Question indistinct]

[De Leon] The popular clamor against them is such that I think that will not happen. There is not even consensus among the deputies. Many of them have said they disagree with that. Many have talked about other kinds of reforms. There is, however, one thing that is interesting and worth taking into account: The people do not want that kind of reform, and much [three-second break in reception] debated and approved by the current Congress.

That is logical. If the people are asking for the resignation of the deputies, how could they accept, or rather what legitimacy could they give those deputies to reform the Constitution in the aspects of political impunity and the privileges that the deputies enjoy?

Thus, I think that it will not be [three-second break in reception] so little time left that I think that that will virtually not happen. Moreover, the mechanism was established in the Constitution [three-second break in reception] and through a referendum in which the people would have the right [seven-second break in reception] approved by the current Congress.

[Reporter] [Question indistinct] [five-second break in reception]

[De Leon] Yes, human rights continue to be violated in Guatemala just as [two-second break in reception] as they continue to be violated elsewhere in the world. The only difference is that in certain countries [five-second break in reception] in Guatemala, unfortunately, we must say there are two types of human rights in our Constitution. Individual human rights that include the right to life, liberty, safety, independence, and integrity. There are also social human rights, as they are called in our Constitution, that include the collective rights, that is, the economic, social, and cultural rights.

As for individual rights, they have always been violated or almost always violated in Guatemala, because life, liberty, and safety are rights that [four-second break in reception] democratic systems, and in Guatemala we have never or almost never had democratic systems. If we review our history, we see that it is full of coups d'état, dictatorships, and tyrannies. Sometimes we have had civilian dictatorships and sometimes military dictatorships, sometimes they have been open and shameless and sometimes veiled, sometimes they have been individual or collective dictatorships, but we could almost say that our political history is full of dictatorships.

Individual human rights have always or almost always been violated, because we have not had a clear concept of what liberty is, we do not have an awareness of this, or have not exercised democracy.

Now that we have had a few years of attempting to establish a democracy or (?a historic-political) transition period to establish at least a formal democracy, we have been making great efforts. I think that there are major obstacles. There are still human rights violations and one of the main reasons is that we still have an internal armed confrontation.

I always said as human rights ombudsman and I reaffirm it as president of the Republic: The internal armed confrontation, which has lasted more than 30 years, more than three decades, was the main source of individual human rights violations. This is why we hope that this national peace plan and the negotiations that will take place will help us not only achieve a cease-fire and end the internal armed confrontation, but also achieve economic peace, social peace, and comprehensive peace with justice for all.

I agree, however, that there are still problems and that individual human rights are still violated in Guatemala. That is actually our great struggle. We cannot eliminate this overnight but we are making great efforts not only to ensure that individual human rights will be absolutely respected but to ensure that there will be no impunity. At least at this time there is certainty at the national and international levels that the current government and the current president of the Republic are not ordering individual or collective human rights violations, and that the violation of human rights is not a government policy.

Human rights are still being infringed upon because of existing structures. They are still being infringed upon because of current problems, including an internal military conflict. Nevertheless, there is no intention or desire to perpetrate human rights violations en masse or on an individual basis as the result of a policy—much less a policy to protect human rights violators. Quite the opposite is true. We have every intention—and, also, we have a plan—to increase the risks incurred by such violators.

Now then, as far as human, economic, social, and cultural rights are concerned, of course they are still being violated here, as they are in all of Latin America and throughout the world. When I talk about social, economic, and cultural rights in Guatemala, I am talking about health, education, housing, work, food, ecology—in other words, all the elements necessary for a human being's dignity. These rights have always, or almost always, been violated. Also, our legal, political, and economic structures make it impossible, or certainly difficult, to respect these rights.

This is why the government considers the struggle against poverty the main element of its plan. This is why, for the first [two-second break in reception] nation's budget includes a high percentage of social investments

[two-second break in reception] development and the national peace plan strives to eliminate the causes of subversion—namely, poverty and injustice. This is why we are striving to establish better living conditions, or to improve them, for all Guatemalans.

Logically, human rights dealing with education, health, housing, and others are still being violated. Unfortunately, the same goes—and, indeed, we must admit it—for human rights on an individual basis, even though this is done in a different manner and because of different circumstances.

President Rejects U.S. 'Criticism' on Human Rights

PA2610014093 Panama City ACAN in Spanish 0017 GMT 26 Oct 93

[Text] Guatemala City, 25 Oct (ACAN-EFE)—Guatemalan President Ramiro De Leon Carpio on 25 October rejected the criticism of the U.S. Government concerning human rights violations because "those also take place over there."

The former human rights ombudsman admitted that his government has not been able to put an end to the violations of individual guarantees, but he reiterated that he is not implementing a policy of repression as there existed under previous administrations. "I know that human rights violations continue in the United States, Guatemala, and all parts of the world. However, there is not a government plan to carry out massive violations or support the violations as it was done in the past," De Leon emphasized.

U.S. Ambassador to Guatemala Marilyn McAfee told the media that she met with Monsignor Juan Gerardi, director of the Archdiocesan Human Rights Office, to analyze the Guatemalan situation. Although she abstained from holding the government of De Leon Carpio responsible, she said that her country is concerned because the violations continue to take place and it is difficult to identify the responsible parties.

The Organization of Relatives of Guatemalan Detainees and Missing Persons charged on 14 October that at least 312 murders have been reported during the government of Ramiro De Leon who took over on 6 June. The murders include 53 "extrajudicial executions" attributed to paramilitary groups, without the authorities identifying the individuals responsible for such actions.

De Leon Carpio insisted that many of these deaths are taking place within the Guatemalan internal armed conflict, the oldest conflict in the region that has claimed over 150,000 lives in 30 years, according to humanitarian organizations.

Foreign Minister on State of Emergency, Safety Plan

PA2510230293 Guatemala City Teleonce Television in Spanish 1900 GMT 25 Oct 93

[From the "Telepress" newscast]

[Text] Presidency Secretary General Hector Luna Troccoli referred this morning to the issue of a state of emergency mentioned last week by President Ramiro de Leon Carpio. Regarding this issue, he emphasized such a measure would not be implemented for the time being. Luna Troccoli also reviewed other topics, including the lack of safety for the citizens.

[Begin recording] [Luna] It is a mechanism that can be used whenever it is considered necessary; in other words, it is a legally established measure. However, people have given it another meaning—for example, that a state of emergency would be declared tomorrow, the day after, or whenever—but that is not true. What the president did—just as any other citizen or any other lawyer can do—was to state he would declare a state of emergency if it were necessary. That is simply a statement of his will, but the state of emergency is included in the Constitution of the Republic. In no way does this mean it will be declared tomorrow, the day after, or in the near future. In fact, the cabinet meeting scheduled for today was (?suspended) because the president had a last minute meeting that would take him some time. Consequently, the cabinet meeting was not held.

[Reporter] Have you not seriously analyzed the possibility of declaring a state of emergency?

[Luna] No! The same thing would happen if I said the Criminal Code and the Constitution include the death penalty—and one of you asked me who would be executed tomorrow.

[Reporter] Are the conditions given for a state of emergency?

[Luna] No.... [pauses] look, everyone has his own opinion on this, of course, and I respect everyone's opinion. In my personal opinion, I do not think the conditions are given to declare a state of emergency. In fact, I understand the president will hold a news conference at 1300 and he will possibly discuss the topic. He is better qualified to talk about the issue.

[Reporter] Doctor, will this be included in the citizens' safety plan?

[Luna] No, no. The citizens' safety plan.... [pauses] I have participated in some of the meetings and we simply

talked about implementing strategies. Some of the things that have already been implemented include the emergency bonds issue. You may recall they were approved a few years ago. Some 5 million quetzales will be earmarked to purchase weapons for the civilian security forces. Of course, they will not be sophisticated weapons but at least the police will not have to go out armed only with five old and rusty cartridges as their only means of defense. Two million quetzales will be used to purchase computer equipment for the General Immigration Directorate, so it can have a better control of immigration issues. We might say these are some of the preliminary measures implemented within a short-term, specific, joint safety plan. This will have no specific connotations—I state this just to make sure people do not start saying things, as they have in previous cases. [end recording]

Honduras**Callejas Approves Decrees Creating Savings, Rural Banks**

PA2510174893 Tegucigalpa EL HERALDO in Spanish 20 Oct 93 p 2

[Text] President Rafael Leonardo Callejas yesterday approved the decrees that create the Land Fund, the National Savings Bank, and the Rural Credit Bank as part of a process to expedite small producers' access to land ownership and financing to enhance production and productivity.

Present at the event were Natural Resources Minister Mario Nufio Gamero; National Peasant Council (CNC) President Marcial Caballero; Pedro Arturo Sevilla, president of the National Federation of Farmers and Ranchers of Honduras (FENAGH); and Supreme Court of Justice President Orlando Lozano Martinez.

Tomas Guillen Williams, National Agrarian Institute (INA) director, was also present, and Deputy Oscar Najera represented Congress.

Natural Resources Minister Nufio Gamero said the execution of both projects is indicative of a "profound restructuring" of the country's agrarian policy.

Success of the Farming Modernization Program will depend on a farming sector strengthened by a consensus among pertinent groups, Nufio Gamero explained.

The government will make an initial contribution of 30 million lempiras to the Land Fund, which will be administered by the private sector, 51 percent by the CNC, and the remaining 49 percent by the FENAGH.

Meanwhile, the National Savings and Rural Credit Banks will receive capital from the government, which will make an initial contribution of 7 million lempiras.

President Callejas said during his speech that both programs are "unique in the world" within their genre.

"They were created by Hondurans for Hondurans without the influence of the East or the West," he said.

President Callejas said in his speech that the Honduran Government has responded to the many requests the farming sector has made concerning reforms.

The president praised the concerted effort agreed upon by FENAGH and CNC leaders at the outset of his mandate, which, he said, has led to relative tranquility in the countryside.

Within this context, Callejas extended an invitation to the "great philosophers of the world," asking them to come to Honduras to see what popular participation is all about.

Congress recently approved both programs.

Argentina

Menem To Return 'in 2001' if Plebiscite Negative

PY2510182693 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2142 GMT 22 Oct 93

[Excerpts] Buenos Aires, 22 Oct (NA)—President Carlos Menem today confronted the risks involved in the plebiscite called for 21 November noting that, if the result is negative, it will be "a no to the reform of the Constitution and to reelection," in which case he will wait "six years" and run again in 2001.

He said: "If the people say no, I will be the first to leave the subject. I will say goodbye and continue to work as a politician to return, if God permits, in 2001."

Menem emphasized that the minimum figure that the government is considering on the possible acceptance of the constitutional reform in the plebiscite "ranges from 60 to 65 percent, and a slightly lower figure for reelection."

The president said the call for a plebiscite on reforming the Constitution is one of the changes underway, and is part of "the radical 180-degree shift which we implemented and which reversed the course we were going, producing the results with which we are all familiar."

In statements during a press conference at the Olivos residence with Argentina Televisora Color and two Buenos Aires radios, Menem minimized the possibility of a negative result in the plebiscite on the reform of the Constitution. [passage omitted]

Concerning the U.S. desire on the frequency of flights to Argentina of the U.S. airlines, he said "the number of flights will have to be reduced to the number established in the privatization of Aerolineas Argentinas; 16 flights per week."

* Menem's January 1993 Social Plan Evaluated

* Strategy for Reelection

93SM0454A Buenos Aires CLARIN in Spanish
15 Aug 93 p 10

[Article by correspondent Ricardo Rios]

[Text] "This is a strategic decision giving preferential attention to the poor." Quoting this phrase from a papal encyclical, on 7 January President Carlos Menem formally introduced the Three-Year Social Plan, which his administration was supposed to use during the next three years of its government and in the effort to win reelection in 1995.

Strictly speaking, the idea of putting together a social package was worked out at the last cabinet meeting of last year, that is, just a few days before the presentation of the social plan to the public. Then with the entire

cabinet's efforts concentrated on making a strong political impact, the initiative was vigorously encouraged by the Buenos Aires government.

Eduardo Duhalde managed to persuade Menem, without much difficulty, that the fate of both constitutional reform and Menem's reelection would be closely linked to the election results in Greater Buenos Aires. That suggested a need to accelerate measures with a strong social content to appeal to that enormous mass of humanity.

The days prior to the unveiling of the social plan were filled with announcements intended to heighten anticipation: they included production programs, a maternal and infant care package, school nutrition programs, and attention paid to the elderly.

"The challenge we face is to spend this huge amount of money wisely," maintained Minister of the Interior Gustavo Beliz, who was in charge of preparing this plan, along with the then head of the Ministry of Public Health and Social Action, Julio Cesar Araoz. In reality, the slogan "spend wisely" meant nothing but combining the budget items and social plans already contained in the 1993 budget, without adding one extra cent.

When it seemed that Menem would be left without any spectacular new announcements to make after all that advance fanfare, there appeared a letter under the heading: Deregulation of the Social Services System, which in the end has become the major component of this combination of announcements.

In this way, by decree, the Menem administration has made a reality of its old intention of establishing free competition among social service systems, leaving the traditional Peronist leadership stunned. Furthermore, along with the free choice initiative, they announced a transformation of the public hospital system and the health care plan.

Still, these steps, which will have the greatest impact in terms of health care, have so far remained at the level of a simple announcement. With the deregulation of social services promised for 1 April, Araoz announced that night on the national television network—in what was to be his final act as minister—the introduction of the new system, but he did not say there was to be a 90-day transition period prior to implementation of the model.

Now that that time period—and more—has expired, the deregulation of the health care system is still up in the air; the government has established no definite pattern for dealing with social service recipients.

This battery of announcements also included the provinces, based on a public works program that included sanitation infrastructure projects and emergency flood relief funds, provided through a World Bank loan. In addition, young people looking for their first job were promised job training plans.

Total Public Sector Spending in Percentage of GDP				
Item	1984-88	1989-91	1992	1993*
Total	31.11	26.59	26.28	26.40
I. Government operations	4.83	4.61	4.85	4.79
II. Culture and Education and Science and Technology	3.69	3.35	3.35	3.65
III. Health Care**	1.69	1.54	1.52	1.73
IV. Housing	0.71	0.61	0.53	0.43
V. Social Programs***	0.77	0.67	0.64	0.92
Subtotal (II + III) + (IV + V)	6.86	6.17	6.04	6.73
VI. Retirement funds, social services, family allocations, etc.	9.37	9.17	10.87	11.08
VII. Economic infrastructure	7.01	4.52	2.89	2.45
VIII. National debt	3.05	2.12	1.63	1.36

*Spending to be cut 10 percent

**Excludes social services

***Excludes retirement funds

Source: CLARIN, based on data from "Argentina Growing", volume II.

* Largest Share for Pensions

93SM0454B Buenos Aires CLARIN in Spanish
15 Aug 93 p 10

[Article by correspondent Federico Garcia Lafuente]

[Text] According to government forecasts, the resources allocated to Social Security, including the retirement system and health care, will this year amount to 17 billion pesos, approximately 7 billion above the average level reported for 1989-91.

This amount is substantially higher than what the public sector spends throughout the nation for education, culture, health care, housing, and social needs, areas which have not had the same good fortune in terms of funding.

The numbers for education this year are only slightly higher—0.3 percent of the GDP [gross domestic product]—than those for the 1989-91 period, and this small increase can be attributed to salary increases in the sector. In 1992 education funding was below the levels for 1989-91 and 1984-88. The same considerations are also applicable to health care: 0.2 percent of the GDP higher in 1993, while last year's spending level was lower than in 1989-91 and far from the level of spending in 1984-88.

Housing has also suffered a steep decline in all government institutional levels, with national housing programs virtually disappearing. Finally, social spending did increase in 1993, probably due to the 200 million provided in the national budget, while in 1992 spending on this item fell below the two previous periods.

It should be noted that the official statistics which increased for 1993 need to be viewed with caution, as they reflect the original budget allocations and estimates for the provinces and municipalities. The budget numbers have now had a 10 percent across-the-board cut because of instructions issued by the Ministry of the Economy to reduce spending. So these numbers should be taken as having been made with a strong dose of optimism.

* Poverty Analyzed

93SM0454C Buenos Aires CLARIN in Spanish
15 Aug 93 p 11

[Text] A recent government report indicates that in the Federal District and in Greater Buenos Aires the number of households and the number of people living below the poverty line have declined.

However, it should be made clear here that the poverty line refers to household income and the supply of goods and services that can be purchased, so in a period of price stability, even when wages remain low, it is possible that the number of households below the poverty line may not increase.

In fact, in October 1989 and May 1990—months when high rates of inflation were recorded—the percentage of impoverished households rose to 38.8 percent and 35.3 percent, respectively; in May 1992, according to the Executive Committee for the Study of Poverty in Argentina, which is connected with the Ministry of the Economy, the number of households below the poverty line came to 310,000 (15 percent of the total). But to get

a clearer understanding of the makeup of poor households and the people living in poverty, two groups need to be distinguished: individuals and households that have recently become impoverished, and those living in structural poverty.

The first group consists of persons whose consumption of basic goods has shrunk as a result of the decline in their real income. They are considered poor because their incomes do not cover the basic goods and services that define the poverty line.

Persons living in structural poverty are those who cannot satisfy their basic needs in many ways; they live in precarious housing conditions, have poor sanitation conditions and education, and a reduced capacity for survival.

Deterioration

In this context, the current evaluation of the basic unmet needs that are used as an indicator to define structural poverty conditions shows a deterioration in housing conditions in the Federal Capital and in parts of Greater Buenos Aires.

Although there has been no updated quantification of structurally poor households, the substandard housing conditions found in some sections of Greater Buenos Aires encompass up to 80 and 90 percent of the total number of households.

In addition, the growth of the unemployed population does little to remedy this situation; 9 percent of the unemployed can be attributed to a "greater desire to work on the part of women and young people." The majority of jobseekers are motivated by a real need to increase the income of the family group in order to avoid becoming impoverished or to try to escape from poverty.

This argument is reinforced when we look at the facts that the average number of wage earners in poor households is 1.2, that the head of the household brings in 97 percent of the total family income, and that 79 percent of the heads of household are men.

Then, if we take into account the fact that 60 percent of the unemployed are women who are trying to improve the economic situation of their families, it is clear that the map of poverty is far from shrinking.

Trends in Households Below the Poverty Line in Greater Buenos Aires Area; Measured as a Percentage of Total Households

Year	Percentage
1974	2.6
1980	7.5
1985	17.1
1988	25.7
1989	21.5

1990	35.3
1991	21.8
1992	15.6

Source: INDEC (National Institute of Statistics and Census) and CEPA (expansion not given).

Unemployment Rate in Greater Buenos Aires Area; Percentage Measured in May of Each Year

Year	Percentage
1984	4.1
1985	5.5
1986	4.8
1987	5.4
1988	6.3
1989	7.6
1990	8.6
1991	6.3
1992	6.6
1993	9.0*

* Estimate

Source: INDEC

* Figures for Social Services

93SM0454D Buenos Aires CLARIN in Spanish
15 Aug 93 pp 9, 11

[Text] In recent years there has been a major adjustment in the budgets of national administration, primarily because of responsibilities and services that have been transferred to the provinces.

In the area of social services, the national budget is by no means lavish. Funding for the sectors that handle spending for health, social services and assistance, education and culture, science and technology, labor, housing and urban development, and drinking water comes to a total of 5.630 billion pesos. This is 14 percent of the total government spending scheduled for 1993.

Of this amount, 1.863 billion pesos are transferred to the provinces for social services and housing, which slashes the national housing function practically to zero, and the funding for social services and assistance to barely 300 million pesos.

The item with the most substantial funding is education and culture, which is listed at 1.900 billion pesos, of which amount over half goes to the universities. Health care gets 770 million pesos, which is equivalent to 0.29 percent of the GDP [gross domestic product].

For the purposes of comparison, it is of interest to point out that the national government's expenditures for health care, for example, are 32 percent less than its spending devoted to "fiscal administration," which has a budget of 1.138 billion pesos.

National Budget for Social Services* (in millions of pesos)

Health	770.0
Social Services and Assistance	1,229—909.2 **
Education and Culture	1,909.4
Science and Technology	533.3
Labor	64.5
Housing and Urban Development	1,016.7—953.8**
Drinking Water	107.4
Total	5,630.3

* This excludes Social security

** For the provinces

Source: 1993 National Budget.

*** De la Rúa Terms Reform Synonym for Reelection**

*** Postpone Project**

93SM0453A Buenos Aires CLARIN in Spanish 9 Sep 93
p 5

[Article by unidentified correspondent]

[Text] "I understand that the (Peronist) majority is going to ask for a "cuarto intermedio" [recess]. I am proposing something else—shelving this proposal." This was how Senator Fernando de la Rúa, one of the three principal Radical spokespersons culminated his speech yesterday during the debate in the upper chamber on the government proposal on constitutional reform. The request for a "cuarto intermedio" to which de la Rúa referred had almost been accepted as a reality in the government strategy when, as of last evening, it had not been possible to persuade the Peronists Antonio Cafiero and Jose Octavio Bordon to support the project. In view of this refusal, the PJ [Justicialist Party] would prefer to postpone the vote until after the October elections. De la Rúa's speech was one of those most eagerly awaited, and the Radical legislator did not disappoint his hearers. He was one of the few who enlivened the debate. The provocative segments occurred when de la Rúa allowed several of the Peronist senators to interrupt.

Peronist Senator Eduardo Vaca asked whether the Radicals would agree to debate if this clause were deleted from the reform proposal.

"Senator, I have written an article stating that a reform is desirable, but not urgent. And I put what I am now saying in writing when the debate on the timeliness of the reform was launched during the government of Raul Alfonsín. At that time, I said that consensus was a basis. But your hypothesis is unrealistic, because if the reelection clause were not the focus of everything, we would not be here. The truth is that the reform is synonymous

with reelection. The Constitution is a problem subordinated to the electoral strategy of the government party," the Radical senator said in response.

Subsequently, Pedro Molina, the president of the PJ bloc, also interrupted. After noting that the constitutions in various provinces have been amended, he asked de la Rúa whether "there was no interest on the part of the governors, some Radicals, in being reelected" in those districts.

De la Rúa responded that "there can be no comparison with the presidential reelection," above all in the case of Argentina, where "there is a strong executive branch, stronger than that in the United States."

It was obvious that de la Rúa's message spoke to the heart of the debate, since the Peronist senators lined up to interrupt him. Vaca came back with another question, and then Antonio Cafiero, from Buenos Aires, did the same, interrupting twice. He was followed by Augusto Alasino, from Entre Ríos.

Despite his academic tone, the speech de la Rúa gave was political, summarizing the positions of his party. He began by warning that the Peronist attitude means "a new conflict among the people of Argentina." And he commented that "the serious thing is that what is wanted is to put the reform into effect in an atmosphere of schism."

At the same time, de la Rúa made it clear that "all of our parties have talked about the need for the reform, but what is disturbing is the subordination of the proposal."

At this point in his address, de la Rúa launched one of his harshest criticisms of the government. "The reform is being confused with a personal project, as if the fate of the country depended on the fate of the reform."

***Constitutional Reform Discussed**

93SM0453B Buenos Aires CLARIN in Spanish
13 Sep 93 p 13

[Article by unidentified correspondent]

[Text] Neuquén—"The best thing would be for the government to shelve this proposed reform of the Constitution of the nation, leaving the country in peace for now, so that this can be taken up at some other time, under other conditions, and in the service of the general interests of the country—not just one party's electoral strategy," Senator Fernando de la Rúa said in a statement made here.

The leader had arrived here some hours earlier in the course of the electoral campaign of the Radical movement in Neuquén. He toured the streets in the center of the capital together with Dr. Victor Pelaez, the leading candidate for a national deputy's seat, just prior to the beginning of the main ceremony held to celebrate the anniversary of the founding of the city. He also visited Bishop Agustin Radrizzani.

The constitutional reform was the main issue discussed during the talk with journalists. De la Rua said that "the postponement has revealed the absurdity of the issue, its only urgent aspect being the reelection process, but there is the danger of a change in the structure of the regime in the country. A potential imbalance could lead to the division of the government powers, ending with excessive concentration in the executive branch."

"There are always those individuals who, under special circumstances, think more about the general interests than those of the party," he said when asked about the attitude of Senator Jose Octavio Bordon. He added that "it is not for me to judge his position. I only want to say that there is something above and beyond ordinary events that leads the Constitution to generate its self-defense from within itself."

Menem Criticized

De la Rua criticized President Carlos Menem for "accusing the Radicals of responsibility for everything in the past, pursuing a practically constant strategy of confrontation. He has been doing this for three or four years, and now it has been continued by the minister of economy. On any issue there is a return to the past, with charges against the Radicals."

He then went on to comment that "this is the same thing Nero did in ancient Rome when he pushed the blame on the Christians for any given problem. The only thing I hope is that fire does not ensue here, as it did there."

Document on Naval Strategy, Priorities, Costs Released

PY2510200193 Buenos Aires CLARIN in Spanish
23 Oct 93 p 11

[Text] The Argentine Navy has distributed a document describing its "naval strategic concept," officially warning that if Argentina must face alone any aggression against its territory it should develop its defense potential despite its budget (adjustment) problems, and despite some groups who are convinced that there are no threats to national security.

According to Rear Admiral Jose Roberto Fernandez, General Staff director, this document "must be made known by admirals, corporals, and sailors, and even by foreign countries, instead of remaining locked up in three or four safes."

The document, which is presented by Navy Captain Guillermo Delamer and Frigate Captain Alejandro Ubarti, analyzes the strategic situation, the basis of the strategic analysis, the conclusions of this analysis, and finally "the Navy the country needs" from the point of view of planning, necessary capabilities, and strategic political and strategic priorities.

After describing the world situation as one of great uncertainty, the document focuses on national defense as a concept of "believable dissuasion," warning that the

Navy "has been observing with concern a growing imbalance in forces in the region, marked by the permanent acquisition of war materiel by other countries."

"This imbalance could make ineffective the dissuasive capacity we intend to achieve," concludes the document of the Navy, whose chief is Admiral Enrique Molina Pico.

Given that vital interests of the large world powers are not at stake in the region, "it is foreseeable that if Argentina suffers an aggression we should not expect the support of extra-regional powers or international organizations," and "we must seriously consider the possibility of having to face by ourselves any regional conflict in which we may become involved," the document states.

In its conclusions, the document criticizes the generalized "willful, subjective, and unilateral" belief that "there do not exist clearly defined threats or risks (probable conflicts), and, on the other hand, the high degree of uncertainty characterizing this set of problems."

This can lead one "to wrongfully consider the possibility of reducing the military apparatus to a minimum level through the adoption of exclusively economic criteria."

The document states that the length of time in which real conflict hypotheses can present and develop themselves "is much shorter than that which is necessary to attain the military capacity to face situations and the risks deriving from such threats."

The document analyzes budget problems, and stresses the need for the payroll of retired officers to stop being part of defense expenditures. As for the duplication of tasks with the Argentine Coast Guard, it states: "There is no rational or practical need to maintain separated the institutions which were created to basically work together in the defense of national maritime interests."

Finally, in face of the missions that must be complied with and the available resources, a planning strategy establishes the following order of priorities for equipping the Navy: 1) control of the sea and its resources; 2) regional dissuasion; 3) preservation of world order; and 4) antarctic region and ecology.

Navy Issues Communique on UNITAS Operation Exercises

PY2510204793 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1411 GMT 23 Oct 93

[Text] Buenos Aires, 23 Oct (NA)—A new phase of the yearly UNITAS operation carried out jointly by the U.S. Navy and Latin American task forces will begin tomorrow, with the participation of the Argentine ARA [Argentine Navy] corvette "Spirito."

The exercises will be carried out until 30 October in Uruguayan waters. According to a communique released by the Argentine Navy, the goal of these exercises is "to

allow the updating of doctrines on using naval equipment and on joint training."

The communique emphasized that this know-how is usually applied during actions by multinational forces, such as those carried out during the Persian Gulf war.

During the initial phase the Argentine task force, under the command of Ship Captain Alberto Cesar Secchi, was comprised of the ARA destroyers "La Argentina," "Hercules," and "Hercules"; the corvette "Rosales"; the ARA submarine "San Juan"; the ARA landing ship "San Antonio"; the ARA fast attack crafts "Intrepida" and "Indomita"; the ARA patrol ship "Alferez Sobral"; minesweepers; Super Etendard and Aermacchi strike fighters; Tracker, Sea King, and Alouette antisubmarine warfare aircraft; and Electra and King Air reconnaissance aircraft.

The U.S. Navy, under the command of Rear Admiral Wirt Fladd, is participating with the destroyer "John Rodgers," the missile frigate "Stark," the nuclear submarine "Pintado," and the landing ship "Whidbey Island."

The Uruguayan task forces were represented by the frigate "Uruguay" and antisubmarine warfare aircraft.

Di Tella Causes 'Uproar' With Remark on Belgrano Sinking

PY2510212993 Buenos Aires BUENOS AIRES
HERALD in English 23 Oct 93 p 11

[Text] (DYN-NA)—Foreign Minister Guido Di Tella caused an uproar yesterday after casting doubts over Argentine claims that the sinking of the General Belgrano warship during the 1982 Malvinas war occurred outside the "exclusion zone."

In an interview with Patagonian daily RIO NEGRO the minister added: "It is debatable whether the Belgrano was inside or outside the 200-mile exclusion zone. Nobody can question the right to sink an enemy ship in a war."

Britain had imposed a 200-mile zone around the islands during its battle to recover the Malvinas in 1982 within which it was deemed legal to fire upon the enemy if necessary. Argentina has always claimed that the sinking of the warship violated the agreement.

Di Tella's comments were immediately seized upon by Navy Chief-of-Staff Enrique Molina Pico, who dismissed them and said "never mind it being a war crime, it was a war fact."

Di Tella later moved to defuse the situation and retracted his earlier statements, saying, "although you cannot talk of fair play in wartime, they (the British) said one thing and then did another, thus violating their own rules."

The minister, who is due to visit Britain early in November, then repeated earlier criticism of Britain's decision to maintain an arms embargo against Argentina, in place since the Malvinas conflict, that is stalling moves to purchase a number of A4-M Skyhawk airplanes from the United States.

He claimed that British pressure on the U.S. State Department to scrap the deal was creating "a poor climate," which, in turn, would hinder negotiations on a possible visit to Britain next year by President Carlos Menem.

Navy General Staff Director Fired Over Document Release

PY2610011993 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2254 GMT 25 Oct 93

[Text] Buenos Aires, 25 Oct (NA)—As a result of the distribution of a document on "naval strategic concept," Navy Chief Admiral Enrique Molina Pico today discharged Rear Admiral Jose Fernandez, the Navy General Staff director.

Fernandez's discharge, the first under the administration of the current Navy chief of staff, was announced by Defense Minister Oscar Camilion after the latter held a meeting in his office with Admiral Molina Pico.

The document in question warned about the eventual consequences that an economic readjustment might have on the Navy, and about the danger of Argentina "having to face alone an aggression against its territory."

In view of this, the document stated that Argentina should develop its defense potential despite budget problems, and despite the belief of certain sectors that maintain "there are no risks" to national security.

Defense Minister Camilion explained that Navy Chief Molina Pico ordered Fernandez's discharge for having distributed the document without the prior "authorization" and "consent of high-ranking Navy officials."

Camilion said that with this decision "the issue is closed." He added that Fernandez's dismissal "was the only decision adopted" on the issue.

Rear Admiral Fernandez, fourth in the Navy's line of leadership, will be replaced by current Fleet Commander Rear Admiral Horacio Reyser, who will assume his duties on 26 October.

After a meeting he held this morning with President Carlos Menem, Camilion said that disciplinary measures will be applied "in compliance with the consultations conducted" by the Navy chief of staff.

He added that "the highest-ranking officer" is responsible for the distribution of the document, and stressed that "a document of this nature must be previously submitted to authorities and to the Defense Ministry."

The defense minister said that he does not believe Argentina is defenseless, as is suggested in the controversial document, but he warned: "We have repeatedly stated that the Armed Forces must be allocated the necessary budget finances to allow them to meet their maintenance requirements."

Camilion made this statement prior to his departure for Washington, where he will negotiate the purchase of radars for the A4-M Skyhawk combat planes.

In this regard the defense minister asserted that "we will insist on the need for these planes to be equipped with this technical equipment, which is what guarantees that Argentine pilots will receive proper training in accordance to the demands of this century."

Speaking to a radio station, Camilion added: "If this is not the case, we will seek other options on the international market. But I believe that in the end we will get what we need, because it is a reasonable request. It is not a requirement that will result in an imbalance in the region."

After stating that during his stay in Washington he will meet with Department of Defense and Pentagon officials, Camilion said that negotiations to obtain the U.S. radars "will take a little time, but in the end we will get what we want."

San Luis Government Details Governor's Kidnapping

PY2610024293 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2351 GMT 25 Oct 93

[Text] San Luis, 25 Oct (NA)—Governor Adolfo Rodriguez Saa was kidnapped and humiliated by a commando group, remaining in the hands of his abductors for nearly 10 hours. The group demanded a \$3 million ransom to free him, but rumors of the ransom's having been paid have not been confirmed.

The abduction was revealed by the San Luis Government in a communique which stated that Rodriguez Saa had been submitted "to physical and psychological violence before recovering his freedom, a few hours later." The communique adds that the governor "is under medical care, and at the moment his health is good."

The communique was read at the door of Rodriguez Saa's residence by local government spokesman Ricardo Lavandeira. He added that Rodriguez Saa is "seeing to his administrative duties and fully complying with his constitutional tasks."

The spokesman said: "The appropriate charges have been filed before the prosecutor, the criminal court judge, and the federal judge." He added that last night the San Luis governor "met President Carlos Menem to inform him of the events."

The communique continues in stating that "the provincial government asks the people to act with serenity and tranquillity."

Some rumors state that the governor was kidnapped by four people who had their faces covered, and who took the governor to a house by car.

During the day Rodriguez Saa remained at the official residence and avoided any contact with the press. Provincial government officials attributed this position to "medical orders."

Details of the kidnapping, which occurred between the night of 21 October and the morning of 22 October, were reported by Rodriguez Saa himself in a meeting held during the morning with representatives of his province's forces.

Jorge Agundez—a national deputy, who has been elected Radical Civic Union, UCR, president in San Luis—reported to NOTICIAS ARGENTINAS that the abductors "humiliated" the governor, asking for a "\$3 million ransom" in order to free him. Agundez said this after having held a meeting with the provincial governor.

He said: "Rodriguez Saa summoned the provincial political leaders to reveal that he had been kidnapped on 21 October and taken to an undetermined place by members of an organization remarkable for its professionalism."

The deputy added that Rodriguez Saa "said the governor was tied up, placed in a car trunk, and taken to a house the details of which he could not describe."

Agundez said that in the house "the governor was ill-treated and humiliated, and that the abductors filmed and photographed everything." He added that regarding "violence against the governor," the only thing he could say is that "the governor had a hematoma on his left eye."

The UCR deputy said that Adolfo Rodriguez Saa "said that his abductors asked for \$3 million to free him, and that nothing had been paid to the abductors."

The deputy added that during the meeting he had with provincial leaders "Rodriguez Saa looked physically and spiritually affected."

Asked about the motive for the kidnapping, the deputy said: "Three hypotheses are being discussed: a political, an economic, and a personal reason. Everything, however, is in the hands of the federal court, which has started a lawsuit under conditions of secrecy."

"Rodriguez Saa used to drive a car alone around town, without bodyguards. The abductors must therefore have known about his movements," the deputy said. He added that he conveyed to the governor his "solidarity in the face of a serious institutional incident."

Brazil

Bahia Governor Warns President of Budget Embezzlement

PY2510142793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Oct 93 p A4

[Article by Fernando Granato]

[Excerpt] Salvador—Bahia Governor Antonio Carlos Magalhaes (PFL) [Liberal Front Party] has for the past year—in letters to President Itamar Franco—denounced a scheme to embezzle funds from the Federal budget, similar to that revealed by former Federal Budget Department director Jose Carlos Alves dos Santos. In his letters, Magalhaes states that in Bahia the scheme benefits only deputies and construction companies.

A part of the last letter Magalhaes sent to Itamar on 16 September states: "Mr. President, you must see that a generous distribution of funds from the Federal budget is being exchanged for political support and for the benefit of construction companies, independent of the specific budget allocations and congressional amendments and in blatant clash with the motives that led the government to ask Congress to substantially cut expenses."

Soon after sending this letter, Magalhaes received a telephone call from Justice Minister Mauricio Correa, who allegedly said: "The president asked me to investigate the charges," adding: "This time we will really investigate."

In his letters to Itamar, Magalhaes mentions specific cases like irregular procedures in the allocation of funds from the Welfare Ministry to Bahia municipalities. [passage omitted]

Joint Police-Army Drug Raid Carried Out in Shantytowns

PY2510220093 Rio de Janeiro O GLOBO in Portuguese 22 Oct 93 p 20

[Text] Over the course of nearly three hours 70 Army, Civilian Police, and PM [Military Police] personnel carried out a raid on the Roquette Pinto shantytown located in Ramos, near the 24th Armored Infantry Battalion (BIB), to search for weapons and drugs belonging to the drug traffickers who had engaged in a shootout over the control of drug-selling sites last week. Slum dwellers witnessed the operation without batting an eyelid or interrupting their businesses. The military searched bayside dwellings [palafitas], ships, boats, huts, small shops, basements, and even water tanks. No arrests were made or weapons seized, however.

In the area of the 9th BPM [Military Police Battalion] (Rocha Miranda), officers from the Army Information Service are already investigating the dealings of the gangs that on 19 October stormed the shantytowns of Coroado, Acari, and Amarelinho, which border on Brazil Avenue. According to PM officers most of the sophisticated

weapons used by the Red Brigades criminal organization are hidden in those three slums. In order to facilitate the actions of Army officers, the battalion command withdrew the motorized PM patrol from the shantytowns. Despite the secrecy with which the operation was arranged, it leaked out that investigations are well under way, and that shantytowns will continue to be raided until the drug traffickers' storehouse is located.

Participation by the Army in these operations has to do with the close relationship between [Rio de Janeiro] Governor Leonel Brizola and the commander of the Military Command of the East, General Bayma Dennis. The objective is to disarm drug traffickers. Although Army officers did not confirm this, police sources have reported that before raiding the Roquette Pinto shantytown, Gen. Bayma Dennis met with the 24th BIB commander. Following the Army operation, the two municipal schools and the Ciep [Integrated Public Education Center] that had closed at the behest of drug traffickers were reopened today. Approximately 2,000 children had to do without classes and school lunches for two days.

*** Privatization Plan of BNDES Head Arida Viewed**

94SM0024A Sao Paulo VEJA in Portuguese 29 Sep 93 pp 102-103

[Article by Expedito Filho and Guilherme Soares: "The Order Is 'Sell'"; introductory paragraph in boldface as published]

[Text] Persio Arida is putting together a radical privatization program during a week in which the economic team is having a misunderstanding over Fritsch.

Economist Persio Arida, president of the BNDES [National Bank for Economic and Social Development], joined Minister Fernando Henrique Cardoso's team with two missions. He is working with experts Andre Lara Resende, Gustavo Franco, Winston Fritsch, and Edmar Bacha to prepare the economic package—the "blue alligator." His other task is to calibrate the privatization program. In that area, Arida has prepared a radical plan that Fernando Henrique has already approved in general outline. President Itamar Franco is familiar with the plan, which is to be announced in the near future. According to the plan, all verified net claims against the National Treasury can be used to buy government-owned firms. The chief claims in question are the following:

1. The Severance Pay Fund (FGTS). Details have not been worked out, but the intention is to allow workers to use the money from their FGTS to buy shares of stock in government-owned firms.
2. Debts owed to suppliers. Anyone who has sold something to the government or performed a service for it but has not been paid may exchange his promissory note for shares of stock.

3. The Compensation Fund for Salary Variations (FCVS). This is money that the government owes the banks for having subsidized home loans through the mid-1980's.

The use of those claims solves two of the government's problems. The current expired instruments (agrarian debt securities and Siderbras bonds, for example) are being exhausted. Only \$4 billion is left (\$6 billion has already been used up), and there are still 40 government-owned firms whose privatization has been authorized. The lack of instruments might slow the sale of that last batch. By accepting new claims as auction currency, the government can also eliminate a good portion of what it owes the public. And it owes a lot: about \$80 billion. Under Persio Arida's plan, the intention is to sell all government-owned firms. Even such stars as the Rio Doce Valley Company, Telebras, and Petrobras itself. In the two last-named cases, congressional approval will be required. "The program will be good for the workers, the government, and the taxpayers, who will see one of the sieves in the economy starting to close up," says Fernando Henrique Cardoso.

Last week the economic plan and the new privatization plan caused the first public turbulence in the—previously—placid orchestra of economists advising the minister of finance. Andre Franco Montoro Filho, president of the Denationalization Program, became jealous of Persio Arida and went complaining to Fernando Henrique. He received a compliment that sounded like a "thank you and good-bye." "You handled the most difficult part: the privatization of the iron and steel industry," Fernando Henrique said. With a swift pilot like Arida in charge of the BNDES, economist Montoro has wound up with little to do in his job. There are clear signs that he will not remain in the government much longer.

Drubbing: One of Arida's fellow experts is in danger of not even being part of Fernando Henrique's team when the new wave of privatizations gets under way. Winston Fritsch, secretary for economic policy in the Ministry of Finance, fumbled the ball last Wednesday before leaving for Washington to attend the annual meeting of the IMF. Fritsch said that he would provide the IMF with "the outline of a plan for deindexing the economy." In other words, he was going to submit the economic shock to the IMF for approval. President Itamar Franco read the statement in the newspapers on Friday, threw another fit, and demanded a public restoration of the country's image.

In Washington, Fritsch received an ultimatum from Fernando Henrique: either deny the statement or be fired. He wrote a denial, the text of which was altered by the minister before its release by the Ministry of Finance. Not satisfied, Fernando Henrique, who left for Washington at the end of the week, gave his adviser another shove in public. "Either he keeps quiet or he takes my place," the minister told reporters. As a result of that drubbing, Fritsch found himself facing two choices. He

can either resign in indignation or keep quiet and sink in disgrace. Last week, Fernando Henrique's advisers were putting all their chips on the first choice.

* Amazon Minister on Calha Norte, Environment Projects

94SM0024B Sao Paulo ISTOE in Portuguese 29 Sep 93
pp 5-7

[Interview with Rubens Ricupero, minister of environment and the Amazon region, by Ronaldo Brasiliense; place and date not given: "The Amazon Region Pineapple"; introductory paragraphs in boldface as published]

[Text] Ambassador Rubens Ricupero, the man in charge of the Amazon Region "pineapple," here provides the formula for peeling it: much diplomacy and no paternalism whatever.

Mentioned as one of Brazil's most skilled diplomats, Ambassador Rubens Ricupero, 56, has traded his comfortable post in Washington in the United States for the challenge of taking on three difficult missions. Ricupero's first battle will involve taking command of the country's environmental policy. At the same time, the ambassador will have to coordinate activities in Brazil's Amazon Region, where dozens of government agencies operate in a disorganized fashion. On top of that, he is supposed to improve Brazil's image abroad. Ricupero, who was summoned by Itamar Franco after the massacre of 16 Yanomami Indians, has already formulated his goal: "The philosophy underlying my work is that priority must be assigned to the Amazon Region's inhabitants," he says. Rubens Ricupero says that few people abroad know that the Amazon Region has 17 million inhabitants. "The Amazon population feels ignored because abroad and in southern Brazil, people are interested only in the forest and the Indians," he says. In this interview, Rubens Ricupero defends the presence of the Armed Forces on the border, says that there is no international conspiracy to make the Amazon Region a UN protectorate, and announces that he will seek international funding to guarantee preservation of the environment in Brazilian territory.

[Brasiliense] The Amazon Region has been attracting international attention because of the practice of clearing land by burning, which destroys the forest, and as a result of the massacres of Indians, including just recently the Yanomami Indians. How do you intend to manage that caldron?

[Ricupero] Well, I will begin by disagreeing somewhat with that description as to plants or vegetables. What I have been saying is that the Amazon Region is being looked at from that problematical aspect of the conflict. And the conflict exists; it is part of reality. But there is more to reality than that. I feel that instead of being approached as a problem region, the Amazon Region should be seen more as an area of opportunities. Not only because of its potential for development, but also because foreign interest may be a very powerful trump

card for obtaining funds, loans, investments, and scientific cooperation and even building tourism. My doctor in Washington is a man fascinated by the Amazon Region; he has been here twice and traveled as a tourist in the interior and so on. And that is a potential to be taken advantage of. Interest abroad means that most of the loans Brazil receives today are concerned with the environment. At the Eco-92 conference last year, almost everything that Brazil brought up had to do with that area: cleaning up the Tiete River, Guanabara Bay, the Guaiba River, the Japanese loans, and the pilot project by the Group of Seven.

[Brasiliense] Do you support the use of foreign funds for projects to preserve the environment in the Amazon Region?

[Ricupero] Brazil has two unique advantages: we have the largest reserve of biodiversity and the largest tropical forest that is still relatively intact. Those two things are powerful trump cards, provided that we know how to use them correctly, as we did in the case of the Rio de Janeiro conference. Instead of cowering because of the deforestation of the Amazon Region—we were considered villains—we offered to be the host country. That was a doorway involving some risk, but it was the right doorway, because Brazil gained credibility by sponsoring the conference: it attracted funds and gained great international prestige. And we will also gain prestige by showing that we are capable of formulating a policy for the Amazon Region—by showing exactly what we want to do.

[Brasiliense] To what do you intend to assign priority in your policy for the Amazon Region?

[Ricupero] The philosophy underlying my work is that priority must be given to the Amazon Region's population. It is not always realized abroad that the Amazon Region has a population of 16 million or 17 million and that two cities, Manaus and Belem, have over 1 million inhabitants. I think that the Amazon Region's population feels forgotten and even ignored because both abroad and in southern Brazil, people are interested only in the forest and the Indians, not in the "caboclo" [backwoodsman, usually of mixed blood]. No one questions the fact that you must be interested in the forest or the Indians, but anyone who knows the Amazon Region knows this: what the Amazon Region has the most of is caboclos: the riparian population, all of it consisting of people who, basically, have a lot of Indian blood, both acculturated and mixed. Those people have a very difficult life, with problems that are sometimes very serious, in the slums of Manaus, Porto Velho, Rio Branco, and Belem. We must realize that the focus of policy in the Amazon Region must be the local population and its leaders. We cannot formulate a policy for the Amazon Region in an authoritarian or paternalistic manner.

[Brasiliense] What are you going to tell Governor Mestrinho when he asks that the ban on hunting alligators be lifted?

[Ricupero] We will talk. Because if you try to introduce an authoritarian policy, it will not work. We must come up with something that will constitute a consensus and have man as its focus. The first duty of the Brazilian authorities is to their own people. Because if the thing does not work out, it is not you or I, living here in Brasilia, who will have to pay the piper. Those paying the piper will be the people living up there.

[Brasiliense] The Brazilian military want to establish a security corridor on Brazil's northern border, and they oppose the idea of having Indian areas—Yanomami, for example—on the border. What is your opinion?

[Ricupero] I am completely in favor of the presence of the Armed Forces on the border. I have said many times that there can be no foreign policy without a good defense policy. They are two sides of the same coin. This is a result of sovereignty itself. In other words, a sovereign country needs to be able to defend its territory. That is the very essence of the notion of independence. Defense always exists, especially in the form of deterrence. If you are perceived abroad as being weak, that is when your enemies show up. Enemies and risky adventures are always created by weakness. That is why it is said that the first objective of a defense policy is to show that you are prepared—that you are able to defend your territory.

[Brasiliense] Do you support the idea that the Amazon Region should be militarized?

[Ricupero] The Armed Forces in the Amazon Region have been providing transportation and communication through the Brazilian Air Force [FAB]. The FAB played a historical role in the Amazon Region and still does. The Army has built many roads. The Navy has been providing medical care. At many places in the Amazon Region, the Armed Forces are the only manifestation of the state's presence. In the case of the Amazon Region, we are suffering from not enough state, not too much state.

[Brasiliense] Do you, like the military, support the establishment of a security corridor along the border?

[Ricupero] I was head of the Border Division in the Ministry of Foreign Affairs for many years, and I am very familiar with the demarcation problem in the area. Our law has always included the idea that there is a security corridor along the border. But the problem is not the existence of a security corridor; the problem is in deciding which activities are legal or illegal in the border area. In the South, for example, where the border area is heavily populated, there are economic activities right on the border itself. What sometimes appears is the idea that if you have an Indian reservation on the border, it might be an obstacle to the work of erecting or inspecting boundary posts. In practice, however, our border commissions have never had a problem with the existence of Indian lands, and the fact is that Brazilian legislation itself provides that a security problem is one justification for intervention on the reservation. So I feel that it is

completely consistent and reasonable to harmonize the need for defense with the presence of Indian reservations, provided that those reservations have been established in accordance with the Constitution—that is, that they consist of land traditionally occupied by the Indians.

[Brasiliense] Do you believe, then, that the Calha Norte project can coexist peacefully with the Indians on the border?

[Ricupero] Not only do I feel that it can coexist; I consider it necessary. If you support the idea that there must be no presence in Yanomami or other Indian lands, who is going to defend those people? And that is exactly what happened to the Yanomamis just recently. Obviously, the people who attacked the Yanomamis have no respect for any kind of law. If you do not have the Armed Forces or the Federal Police, how can you say that the Brazilian Government was remiss? That is an insoluble contradiction. Because if you ban the presence of the Armed Forces or the Federal Police, you cannot then blame the government for the consequences if there is an attack on the Indians. I feel that it is perfectly possible to preserve the quality of life—Indian culture—with the Armed Forces present. I feel that Brazil has experience of that kind, for example in the Sao Gabriel da Cachoeira area (Alto Rio Negro) and other areas. If, then, you support a very radical position, you will have that contradiction as the consequence: you will have no way to provide protection. Sometimes, when we present this argument, some people say: "Well, then, why don't you prevent the presence of gold prospectors? All you have to do is ban them from entering." I said this in the United States to people who were demonstrating up there. I told them: "Look, it is for the same reason that the United States cannot prevent the entrance of illegal Mexican workers." Hundreds of thousands are entering even though there is a border with remote sensors and all the rest of it. How are you going to stop the infiltration? The only way is to have people there who can protect the Indians.

[Brasiliense] Will a military man actually be appointed to handle coordination between your ministry and the Armed Forces?

[Ricupero] That is correct. The idea came from President Itamar Franco himself, and it strikes me as extremely essential because we need someone who has experience in the area and who is in a position to coordinate activities and, in short, harmonize all our projects with those of the military ministries.

[Brasiliense] Is it possible that the idea of Brazil's restricted sovereignty over the Amazon Region will prevail?

[Ricupero] That idea of restricted sovereignty is one that has actually been much exaggerated. Because sovereignty is subject to restrictions only in cases allowed by international law. No country has absolute sovereignty, and by that I mean that nowadays, no country can massacre

its own population and feel that it has a right to do so. So there are certain things that countries themselves accept as limitations, and when you go beyond that, there is a lot of exaggeration in what is being said. To have real sovereignty, you must have means of defense. Because if you have no strength, those things emerge. The military exercises that Brazil will conduct in the Amazon Region are natural. All Armed Forces want to practice, and I feel that that is part of our proposal to ensure a presence. I feel that all this should be treated without a lot of dramatization and in a natural manner, as is done all over the world.

[Brasiliense] You do not believe that there is an international plot to transform the Amazon Region and the Yanomami Indians in particular into a protectorate of the United Nations?

[Ricupero] I do not think that conspiracy exists. Conspiracy theories of history are very dangerous. History is full of precedents which led to disastrous things. The most terrible episodes in the 20th century have been the result of conspiracy theories. The Nazis, for example, thought there was a big conspiracy on the part of the Jews. We must try to look at things rationally. The countries to which those intentions are being ascribed have other extremely serious problems. What I myself was told by the Americans when this question came up—and I was in Washington—was that they were going to conduct military maneuvers in Guyana, and they informed us beforehand. It is up to us to do the same thing. We are going to conduct our exercises and also prove that we are capable of defending our territory.

[Brasiliense] How do you intend to go about attracting foreign funds for projects to preserve the environment?

[Ricupero] I am going to use my international experience and my good contacts with the World Bank (the IBRD [International Bank for Reconstruction and Development]) and the IDB [Inter-American Development Bank] to look for funds. People at the World Bank are optimistic about the possibility of successfully raising funds for the National Environmental Plan and beginning implementation of the Pilot Program for Tropical Forests, which will have \$250 million in its first phase.

[Brasiliense] Roads such as the Trans-Amazon Highway and BR-364 (Cuiaba to Porto Velho) have caused major destruction in the Amazon forest. Are you in favor of building a road connecting Acre to the Pacific Ocean through Peru?

[Ricupero] Well, I find it very difficult, in terms of economics and transportation engineering, to imagine that a road like that would have any economic value unless there were some kind of extraordinary cargo to be moved. The issue must be approached from two angles: the first is its economic objectivity and reasonableness, and the second is its environmental impact. In my opinion, such a project is justifiable only if it makes economic sense while at the same time not creating a very big threat in terms of the environment.

[Brasiliense] How do you intend to deal with the environmental deterioration caused by gold mining?

[Ricupero] The Ministry of Environment already has a study at a very advanced stage—a big plan in connection with gold mining. It is a plan aimed precisely at reclaiming certain areas and preventing that attack on the environment from continuing. The problem is not just mercury but also changes in the courses of rivers. The idea is that the Amazon Region Ecological-Economic Zoning Plan will indicate areas appropriate for gold mining, with self-sustaining structures of their own.

[Brasiliense] Is President Itamar's invitation to take over this new ministry also an attempt to improve Brazil's image abroad? After all, you are highly respected and can move freely in such multilateral organizations as the World Bank, the International Monetary Fund, the IDB, and so on.

[Ricupero] He never said that to me and never used that argument. When he invited me, the thing he emphasized was my experience as a diplomat and in the field of the environment. But I believe, without being presumptuous, that I do in fact have important and personal connections with those organizations—and that always helps our country and makes things easier for it.

[Brasiliense] Don't you feel that you are losing prestige by leaving the embassy in Washington—one of the most coveted of positions—for a problematical ministry with no funds?

[Ricupero] No. It is an honor to be a minister of state, and, making due allowance, all ministries are problematical. Despite all the limitations, working in the area of the environment is always gratifying because we are involved in the quality of life and the protection of nature.

[Brasiliense] Before he chose Fernando Henrique, President Itamar's choice for the Ministry of Finance was you. Why did you turn down the Ministry of Finance but accept the Ministry of the Amazon Region—and now that of the Environment?

[Ricupero] I am not the man for domestic economics. I do know something about international economics. But the main thing is that the minister of finance must carry political weight in his own right. And with Fernando Henrique, this is the first time in nearly 30 years that that has been the case.

*** Indian Foreign Minister Explores Trade Options**
94SM0023A Sao Paulo GAZETA MERCANTIL in Portuguese 16 Sep 93 p 5

[Article by Cynthia Malta: "Trading Software for Agricultural Technology"]

[Text] Sao Paulo—India has been implementing a vigorous economic reform over the past two years and has

now achieved a sizable reduction in its public deficit (from 9 percent of GDP [gross domestic product] to 6.5 percent) and a drop in annual inflation (from 12 percent to 6 percent), and it hopes to grow by over 5 percent this year. It is reformulating its policy on foreign relations, a policy in which Latin America and particularly Brazil will play an important role.

"We are at a turning point in our relations with Latin America and Brazil," says Salman Khurshid, who is the first Indian minister of foreign affairs to visit Brazil in 15 years. He points out that the economic reform program adopted in his country includes an opening up to imports and foreign capital, two instruments that are forcing the government to prepare the country to operate in an open economy. The minister remarks that industry will have to undergo extensive restructuring. He gives an example: "Over the past few years we have been developing what we call a small-scale sector. It consists of small firms manufacturing cheap products with no technological sophistication. It is a structure that has been successful in supplying the middle class, and it accounts for 60 percent of our exports. But the market is opening up, and we will have to modernize. Some firms will have to disappear." The minister believes that the Indian consumer will soon have to start choosing between low price and a more modern product for which technical assistance is available around the country—an important point in a territory the size of India, whose population is comparable to that of Latin America and sub-Saharan Africa combined.

The minister believes that Brazil and other Latin American countries such as Argentina, Chile, and Mexico, which he will be visiting within the next few days, are in a position to supply the Indian market with new products, transfer know-how, and import products offered by his country. According to him, distance is a factor which in recent years has been hampering an increase in trade between Brazil and India.

South Africa

But Khurshid says that problem will soon be solved thanks to the new strategy in the field of foreign relations. India is lifting the sanctions imposed on South Africa—an air route between the two countries will be inaugurated this coming 2 October. "We are going to expand our trade with South Africa, and in the future we will be able to establish sea routes to Latin America by way of South African ports. That will reduce shipping costs and open up a new market for both regions," the minister said.

Trade between the two countries has been declining since 1990. Last year, when Brazil imported \$12.5 million worth of Indian goods, the drop amounted to 40 percent compared to 1991, according to official figures. The minister points out that a surtax collected by Brazil on imports of Indian jute sacks—the main item on India's list of exports to Brazil—has been contributing to the drop in trade. Imports of jute sacks in 1991 totaled \$685.6 million. Last year the value fell to \$619.3 million.

Brazil's exports to India—the leading export being rolled iron and steel—are also declining. In 1990 Brazil exported \$167.7 million worth of goods to the Indian market, and last year the total was down to \$147 million.

The minister believes that the list of products traded between the two countries can be brought up to date. He says his government is preparing to invest in the agricultural sector and to expand exports of food products, one example being soybean complex. Brazil could transfer technology to the Indian food industry, which Prime Minister Narashima Rao's government intends to encourage. Khurshid explains why the decision was made to develop that sector: "Eighty percent of our population lives in rural areas." India currently has 800 million inhabitants, 250 million of whom are considered consumers.

One new product that India may offer Brazil, which has also been opening its market to imports in recent years, is computer programs, or software. That sector has been growing so much in India that the government is beginning to complain that it is losing skilled manpower to Silicon Valley in California.

Of the products that India already exports, pharmaceuticals may come to occupy a bigger place in the Brazilian market. Torrent Exports, Ltd., a trading company owned by one of the largest Indian drug companies, is opening a sales office in Sao Paulo. Accompanying the minister on his visit to Brazil are representatives not only of Torrents but also of Synthetic Industrial and Chemicals, Ltd., which produces oils and resins, and Gujrat Agro-Industries, Ltd., a manufacturer of castor oil. India is currently the world's largest producer of castor oil, a position once occupied by Brazil.

Pakistan

The minister points out that as part of its more pragmatic strategy in the field of foreign relations, his country is prepared to restore diplomatic ties with Pakistan, a country with which India has serious disagreements over border issues and the fact that Pakistani rebels (who are fighting in the civil war) are fleeing into Indian territory. "We are open to negotiation," said Khurshid, who expects to initiate possible negotiations following the upcoming elections in Pakistan. The advantage of a trade agreement with Pakistan is that it would provide Indian products with more direct access to the Middle East.

* Satellite Launch Program With PRC Reactivated

94SM0023B Sao Paulo GAZETA MERCANTIL in Portuguese 15 Sep 93 p 10

[Article by Luiza Pastor: "Brazil and China Reactivate Cooperation Agreement for Satellite Launches"]

[Text] Brasilia—Minister of Science and Technology Jose Israel Vargas and the minister-president of China's

National Space Agency, Liu Jiyuan, will sign another agreement today in an attempt to reactivate the cooperation program between the two countries for launching two remote sensing satellites. The first talks on that agreement took place in 1988 during then President Jose Sarney's visit to China. The agreement called for launching the first satellite in 1994.

According to the timetable that will be announced today, it is expected that the first of the two satellites (SSR-1 and SSR-2) called for in the agreement will be placed in orbit by October 1996. The model will be developed jointly by the National Institute of Space Research (INPE) and the Chinese agency. Its budget had been set at about \$150 million, of which \$50 million was supposed to be Brazil's share of the project.

It was precisely the lack of that \$50 million which brought the program to a halt with little chance of its being reactivated—despite constant efforts on the part of the last three ministers of science and technology. The lack of budgeted funds ended up delaying Brazilian participation, which was supposed to have been most intensive during the first phase of the program (involving manufacture of a number of components for the SSR-1). Assembly was to be the responsibility of the Chinese, and there was the possibility that some degree of participation by INPE technicians in that phase could be negotiated.

It was also hoped that Brazil would be assigned responsibility for some activity linked directly to ground tests of the second satellite (SSR-2) and its assembly as well as partial monitoring of the satellites during part of their orbits. And again, the negotiations were harmed by the Brazilian Government's apparent lack of interest in the program—as deduced by the Chinese from the lack of funding.

Surveys

The Chinese-Brazilian satellites are intended to survey earth resources. They will be lightweight satellites following an orbit lower than that used by communications satellites, and they will conduct surveys concerned with agricultural areas, forests, geology, hydrology, geography, cartography, and the environment. Since the satellites will scan a different strip of land than the ones currently being monitored by the Landsat (United States) and Spot (French) satellites, they will provide a Brazilian alternative to any possible embargoes on images such as the one that occurred during the recent Gulf War.

* CTA Develops Laser for Uranium Enrichment

94SM0023D Sao Paulo GAZETA MERCANTIL in Portuguese 7-8 Sep 93 p 7

[Article by Virginia Silveira: "CTA Develops Laser for Use in Uranium Enrichment Process"]

[Text] Sao Jose dos Campos—The Institute of Advanced Studies (leav) at the Aerospace Technical Center (CTA) in Sao Jose dos Campos is developing a liquid-propelled gas dynamic laser (a laser beam emitted by a gas mixture process) for use in a uranium enrichment process. The project has the cooperation of the National Institute of Space Research (INPE), which is also involved in research aimed at producing a liquid-propelled rocket engine.

What the two projects have in common is the development of a liquid fuel chamber that will be used both to emit a high-powered laser beam and to generate energy with enough thrust to drive a propulsion unit (rocket engine). But the main objective of the gas dynamic laser research, according to Marco Antonio Sala Minucci, coordinator of the leav project, is to produce a laser beam with a wavelength of 16 microns and 10 billion watts of power so as to achieve a higher concentration of enriched uranium (235), which is used as fuel in nuclear reactors.

According to Minucci, research into the laser enrichment of uranium is already under way in several countries and can be considered the most accessible and least expensive technology for Brazil because of the process used. The laser beam is generated by the liquid combustion of gases—nitrous oxide plus benzene—inside a compact cylindrical chamber. The combustion of those gases results in the production of carbon dioxide, nitrogen, and steam.

Beam

According to researcher Minucci, the three gases combined produce the substance that emits the laser beam. The process in the combustion chamber is started by an ignition system similar to that in a liquid-propelled rocket engine. "That process makes it possible to generate energy in laser form for about one or two minutes," he explains. In previous experiments, according to Minucci, the fuel chamber operated for a maximum of five seconds.

In that case, the gas did not burn uniformly and combustion usually did not occur, the result being soot and not enough power to emit the laser beam. "The ignition system in that process did not have enough energy to initiate combustion of the nitrous oxide with the benzene," he explains.

The gas dynamic laser project actually began in 1985, when scientists from the leav succeeded for the first time in producing a laser powered by a supersonic wind tunnel. The laser beam was obtained by mixing three gases—helium, carbon dioxide, and nitrogen—at high temperature and under high pressure. In that process, the gases expand rapidly in a system of supersonic nozzles. Escaping at supersonic speed, the laser's active medium—the gases—passes into the tunnel's test section and produces a laser pulse within two thousandths of a second.

According to Minucci, heating the gas mixture in the shock tube served to demonstrate the concept, but a laser pulse could only be achieved once every half hour. The radiation emitted by the laser had a wavelength of 10.6 microns and 10 watts of power.

Low Investment

Although the test time was short, the shock tube process was advantageous because of its relative ease of operation and the low investment required. "We used equipment that was already available at the leav," researcher Minucci said.

According to Minucci, the leav's new experiment with the generation of gas dynamic laser beams by a process of liquid combustion will give researchers a better chance of achieving a longer lasting and more continuous laser beam. He pointed out: "Our intention is to produce a laser emitting 1,000 pulses per second for at least five minutes."

Minucci says that the first experiment with liquid combustion should be complete by the middle of 1994. "If that experiment is successful, the next step will be to build a pilot uranium enrichment plant and then pass the technology on to industry," he commented. According to Minucci, Brazil currently imports all the fuel used to power its nuclear reactors.

But so far the project lacks the money needed for its development. "We are negotiating with the CNPQ [National Research Council] for a grant. There should be a decision on our application in October," he said. Until that money is approved, researchers are working on the project with money already available to the leav.

According to Minucci, the challenge facing the research project will be not only financial but also technological. "For us to produce a high-powered laser system emitting beams in the region of 16 microns, we will have to deal with the problem of stability during the process of heating and pressurizing the gases through liquid combustion," he explained.

* Space Program Receives \$85 Million in Funding

94SM0023C Sao Paulo GAZETA MERCANTIL in Portuguese 16 Sep 93 p 12

[Article by Luiza Pastor: "Brazilian Space Program Receives \$85 Million From Privatization"]

[Text] Brasilia—Minister of Science and Technology Jose Israel Vargas announced yesterday that President Itamar Franco had guaranteed the Chinese-Brazilian program for developing earth satellites and the All-Brazilian Space Mission (MECB) \$85 million in funding from the privatization program.

Announcement of the funding coincided with the signing by Israel Vargas and the minister-president of the Chinese National Space Agency, Liu Jiyuan, of a protocol

covering the main points agreed on by the two governments for developing the two earth resource satellites called for in the Chinese-Brazilian program. It was also yesterday that Israel Vargas obtained the release, through the DIARIO OFICIAL DA UNIAO, of \$7.6 billion for payment of this year's first installment on the joint program.

The fact is that the news served to relieve tensions between the Brazilian and Chinese Governments. Over the past two years, the Chinese Government has even considered canceling the agreement signed in 1988 by then President Jose Sarney, its reason being Brazil's apparent lack of interest as reflected in complete failure to carry out the program. Of the total cost of \$150 million, Brazil is responsible for \$50 million, but only \$7 million of that amount was made available between 1989 and 1992.

Thanks to confirmation of the appropriation of \$21 million for this year and of another \$15 million for the period from 1994 to 1996, Minister Israel Vargas was even able yesterday to persuade the Chinese Government to agree to one of the Brazilian space industry's most important demands in the program: that the second satellite called for under the cooperation agreement be assembled and tested in Brazilian territory—at the laboratory operated by the National Institute of Space Research (INPE).

After being tested on the ground, the satellite will be taken back to China, from where it will be placed in orbit by the Long March rocket built by China's Great Wall Company—which has already carried out 33 satellite launches and has 25 more scheduled over the next few years. The launch will take place at the base in Tai Yuan in Shanxi Province in the northern part of the country. Unlike the first satellite, which is scheduled for launching in October 1996, the second one does not yet have a definite timetable.

All-Brazilian Space Mission

At the same time that he confirmed the availability of funds for financing the Chinese-Brazilian program, Israel Vargas announced that \$64 million for the All-Brazilian Space Mission (MECB) would come from the proceeds of the privatization program. Of that total, \$39 million will be allocated to the project for building the Satellite Launch Vehicle (VLS) and the launch platform at the Alcantara Base in Maranhao. This was an extraordinary appropriation, especially when one considers that the national budget had earmarked only \$12 million for the MECB this year.

"We are providing all the money requested of us by the Aerospace Technical Center (CTA)," said Israel Vargas. He also pointed out that another \$25 million had been set aside for building the supersonic tunnel as requested not only by the CTA but also by the entire aerospace industry.

According to the minister, the sudden flood of funds into the traditionally slim coffers of the Brazilian space program was due to "the government's political will not to invent new ways of doing things but instead to carry out projects which have already started and which are important in terms of science and technology." In announcing the new funding, he also used the opportunity to call upon the congressmen attending the event to speed up consideration of the government's bill creating a Brazilian civilian space agency. A date for voting on the bill is being held up pending an agreement among party leaders.

Chile

Frei's Campaign Manager on U.S., European Trade Relations

PY2610021493 Santiago Radio Cooperativa Network in Spanish 2200 GMT 25 Oct 93

[Report by Carmen Castro]

[Text] The campaign manager for Eduardo Frei, presidential candidate for the Coalition of Parties for Democracy, has stated that the United States and Europe are part of the party's platform concerning foreign relations.

With regard to North America, and the United States in particular, he said that the latter was Chile's number one trading partner and the most important foreign investor in the country. Canada comes in second. A free trade agreement with the United States, or Chile's joining the North American Free Trade Agreement, would improve trade relations, increase Chile's access to capital and technology, and force our country to adopt more demanding standards of competition. This is why Chile must adopt a favorable position in these negotiations.

Despite this there are some reservations. This option, he notes, should not be mistaken as the key to success, or as the sum total of our relations with the United States. The pending agenda with the United States highlights and includes controversial issues and important common ground between us. It would be possible to step up cooperation in legal and military areas as well as in the areas of disarmament, security, international organizations, the Pacific basin, Antarctica, the environment, education, science and technology, and culture.

As for Europe, the campaign manager noted that one-third of Chile's exports have Europe as their final destination, and that Europe accounts for one-third of direct foreign investment in Chile. There is thus a close political relationship, based on a common cultural and democratic heritage. European cooperation with Chile represents more than three-fourths of total receipts over the last four years.

Frei's campaign manager said that trade problems have clouded relations with Europe. The root cause of these problems are to be found in the EEC's structure of

preferences—which gives rise to unfavorable conditions for Chilean competitive abilities—and the maintenance of nontariff barriers for agriculture. The campaign manager is of the opinion that an agreement to work into a partnership with the EEC should be sought on the basis of bilateral political and economic relations, so as to supersede the current framework agreement. A similar agreement should be signed with the European Free Trade Association, EFTA.

In conclusion, the campaign manager proposes some measures to improve overall relations with Europe, such as trying to settle our trade dispute by means of negotiations or multilateral arbitration.

*** Frei Economic Adviser on Prospects for Growth**

94SM0009C Santiago LA NACION in Spanish
19 Sep 93 p 18

[Article by Carlos Alvarez]

[Text] A major readaptation of the work being carried out by the Commission Against Monopolies in the National Economy; the goal of a "fast track" for the passage of economic proposals in Congress, constructed on the model of the developed countries; and the creation of facilities to train a new generation of civil servants. These are some of the ideas in the head of Oscar Landerretche, one of the principal "brains" of the presidential program of Eduardo Frei.

As the right-hand man of Juan Villarzu, the likely successor to Foxley in the Finance Ministry, Landerretche acknowledges that he now has very few hours to spend with his children and family. It is meetings here and meetings there, with only a brief respite on 18 September.

He is one of the names on the short list for the Economy portfolio, where he has served as one of the principal advisers to Ominami and Marshall, who held that cabinet post together with Aylwin during one of the Frei administrations.

And he does not lack a resume: a doctorate in economy from Oxford University; a master's degree in economy from the University of the Andes in Colombia; and a stint as adviser to the UN. One of his greatest sources of pride, however—and he fears it will be taken from him—continues to be his work in developing several courses in macroeconomics at the University of Chile.

As a close associate of Villarzu and of ECLA [Economic Commission for Latin America] adviser Osvaldo Rosales, and as the person "in charge" of 16 technical committees, Landerretche is one of the three visible organizers of the Frei economic program.

He says his principal concern is to consolidate the economic progress achieved by President Aylwin's economic team, while recognizing first and foremost the multiple challenges that lie ahead.

"For example, when it comes to infrastructures, we cannot even afford cats," he emphasizes, in speaking of the enormous tasks of the future and to the judgments that are made concerning cats, tigers, and jaguars.

Landerretche nevertheless believes that unlike the Aylwin government, a future Frei administration will take over an economy "that is characterized by an adequate rate of growth; by a declining rate of inflation; and by fewer social pressures, as a result of the advances made in that area."

He is cautious, however, with regard to the effects that over the medium term could result from the economic recession in the developed countries, but maintains that the most serious repercussions have already been felt—and in a form that the economy is able to withstand.

He believes that the 1994 budget "is reasonable and not outside the policy line for the macroeconomic management of the agenda for next year, and it contains a strong investment component."

Landerretche rules out the possibility that the economy will come in at an excessive level of adjustment [for inflation], as is alleged by some sectors of the economy. "This can be ascertained," he said, "by comparing the current rate of growth with the growth that would be possible at the current rate of investment."

"It is true," he said, "that at this rate of investment we could have a 6.5 percent growth rate, but we now have an external restraint: that is to say, the restraints are not merely internal in this connection. The prices for certain exports have been falling, while imports—as a consequence of the current growth—have been increasing. We can, however, utilize this gap vis-a-vis potential production in the future, proceeding from less to more with a declining rate of inflation."

With respect to domestic matters, Landerretche emphasizes the challenge to ensure that wages continue to rise at the same rate as productivity, and to adapt the real demand of the labor market to the supply that every year is produced by the Chilean educational system, "where the synchronization is clearly not of the best."

He recognizes that particular groups of the population—specifically, the middle classes and professional sectors, who are voicing some dissatisfaction with conditions in the sectors of education and health—have been excluded to some extent from the benefits that the economy has been generating, and he recognizes that this is an important obligation to be met.

He does not believe, however, that everything can be solved by wage increases, "but rather by effecting a change that will lead to greater efficiency of the system as a whole and to better management of resources."

In general, he believes that in labor matters "the principal challenge is to see that the current laws are observed"; and although in relation to a possible new

reform in this area he does not rule out "improvements," he appears to be reluctant to propose any major changes in this connection.

He believes that "it is useful" to propose a program to train a new generation of civil servants in the area of public administration, a program that would also provide training for the existing cadre of civil servants—something on the order of a School of Public Administration such as exists in other countries.

With respect to implementation of the budget, he proposes that a part of the funds allocated to the various cabinet ministries that have not been spent not be reclaimed but rather left for the ministries to "use as they see fit to implement initiatives that they themselves propose for the benefit of the nation."

He believes it is essential to develop an appropriate body of clear-cut laws with respect to regulation of the economy, while strengthening the National Economic Inspectorate by providing it with adequate funding.

"There is a feeling," he says, "that some appellate jurisdictions guarantee decisions that reflect economic considerations rather than a purely legal interpretation."

"Regulation," he explains, "is not a form of political interference in economic matters but rather a form of arbitration between private parties in the interest of the nation, not of the government."

[Box, p 18]

Landerretche believes that one of the great lessons learned from the strong commercial controversy—subsequently carried over into Congress—in the area of telecommunications points to the need for considering a "fast track" legislative procedure. This would be a technical procedure similar to the "fast track" [preceding two words in English] in the United States that makes it possible to pass regulations "in a package" and to avoid a "fragmentation" that would be detrimental to the new legal framework.

He emphasizes that "this would not affect the sovereign decisions of the members of Congress."

"What is not possible," he argues, "is to have the members of Congress voting for or against specific companies, such as the impression the public got from the discussions concerning telecommunications that took place between the CTC [Confederation of Colombian Workers] and Entel [National Communications Enterprise]."

He adds that such a procedure can also be applied to legal challenges in other important areas of the economy such as the electric power sector, where he says "there are a number of factors to be corrected in respect to regulation."

He is cautious in commenting on the future of Codelco [Copper Corporation]. "A special committee is studying

the matter," he says. He explains that the problem is to achieve better management of the company's resources and to strive for its stable development through precise investment programs. "It will be possible," he says, "to organize subsidiaries that are 100 percent state-owned, or of mixed ownership, and so forth, and various combinations," and also to expand the company into the international markets.

He stresses the positive aspects of the agreement achieved with the workers to modernize the state enterprise, and declares that elimination of the Reserve Law—which allocates 10 percent of sales to the FFAA [Armed Forces]—does not mean that these funds would go entirely to Codelco nor that there would be any severe cuts in the armed forces budget.

* Unemployment Insurance Proposal Detailed

94SM0009A Santiago EL MERCURIO in Spanish
15 Sep 93 p C9

[Text] A concrete proposal for providing economic protection to workers during their periods of unemployment was announced yesterday at the Ministry of Labor. The proposal basically seeks to create authentic personal savings accounts, which will be financed primarily by employers and the workers themselves.

The government theorizes that the funds thus deposited will provide a measure of security for those persons who for whatever reason become unemployed, but without taking any existing benefits away from those who have accumulated years of service at a given place of employment.

One of the advantages of the proposed system is the fact that these would be individual accounts and the money deposited would be the property of the individual worker, eliminating the possibility that collective pools of money would be created for distribution and thereby stimulate unemployment in certain sectors.

The strategy is therefore explained as a formula for personal capitalization that lessens the incentive for remaining unemployed and reduces the temptation to improperly spend the funds saved under the proposed program.

The text of the proposal was sent yesterday to the Production and Trade Confederation (CPC) and the United Labor Confederation (CUT) in order that they may study it and transmit—before the end of this month—any comments they deem appropriate. Both organizations stated that they will submit their comments as soon as they have made a thorough study of the proposal.

In the event a consensus is reached on this issue, the government will introduce a bill embodying its proposal.

To be sure, leaders of the CUT and CPC have maintained that if no agreement is reached, it is possible that no legislation will be enacted this year in this area. This

appears logical, inasmuch as the government has decided to carry out a policy of social reconciliation with the aim of making progress in labor matters.

According to Labor Minister Rene Cortazar, the existing legislation (Law 19,010) merely provides—in cases of layoffs for business reasons—one month's compensation for each year of employment, with a limit of 11 months. He said benefits of this nature were not contemplated in cases of dismissal for other reasons or in cases involving resignation, retirement, or death.

He explained, however, that the proposal developed by the government includes compensation at the rate of one month per year of employment only during the first three years, but he added that this will not affect the benefits obtained by workers who have already accumulated seniority and will therefore not experience any reduction in their existing compensation per year of employment.

Although this might be interpreted as a reduction in the legal benefits for persons who become unemployed, the model described by Cortazar creates a form of compensation that is designed for all contingencies and provides half a month in compensation per year of employment for every worker who has more than three years of seniority. "This proposal," he said, "benefits the worker whose employment contract is terminated, whether the cause of the termination be dismissal, resignation, retirement, or death."

To the foregoing must be added what is properly described as unemployment insurance—in the amount of 50 percent of the average net remuneration received by a worker in the last 12 months of his or her employment, plus the health benefits and family allowances—to be paid during the four months following the months covered by the compensations per year of service, which in the case of employees with more than three years of seniority will be equivalent to three months' wages.

Cortazar said that in the latter case the proposal will cover those workers who were dismissed for causes outside their control. "No worker will receive unemployment insurance that is less than a specified amount of money, to be determined jointly with the representatives of management and labor. We postulate, however, that it should be on the order of 75 percent of the minimum income of 28,000 pesos."

Cortazar said that the unemployment insurance—which will cover the four months following payment of the compensation per year of employment—will be financed by a monthly contribution of 2 percent of the taxable remuneration of the worker plus another 2 percent contributed by the employer. "All this," he said, "over a period of three years."

Cortazar added that these funds will be deposited in a special account recorded in the AFP [Administration for Pension Funds] passbook of the individual workers. "There," he said, "they will obtain adjustments for inflation and interest. Moreover, the first six contributions made by an employee during his economically active life—together with those made by the employer—will be placed in an unemployment fund that will be available to all those workers whose savings do not suffice to cover 50 percent of their income for a period of four months. In such cases," he said, "money will be taken from the common fund and returned by the unemployed person—using the same system of contributions—when he or she obtains employment."

He also stated that beginning with the third year, the employer—instead of contributing 2 percent—will begin to deposit a sum equal to 4.11 percent, for a period not yet specified. These sums, he explained, will be accumulated in a contingency fund in the name of the worker.

"This proportion of 4.11 percent," he said, "is the equivalent of a half month's compensation per year of employment. We propose that this apply to a period equal to—or greater than—11 years of seniority, although this point is subject to discussion with management and labor."

Meanwhile, he said, each employee will continue to contribute 2 percent per year, and this amount will be returned to the employee—including adjustments and interest—every two years.

Moreover, he added, the state will pay the family allowances and will cover the difference between the 50 percent of a worker's wages established for the unemployment insurance and an income floor that remains to be specified.

He also explained that the Treasury will continue to pay the unemployment benefit for workers who will not be included in the system. These are basically public employees, who in matters concerning layoffs are regulated by the Administrative Statute.

Unemployment Insurance (The figures represent months of gross pay received by the worker in case of:)

	Layoff									
	Years of Seniority in Employment at Time of Layoff									
	11	1	2	3	5	7	9	11	15	31
Seniority Months										
Current system	0	0	0	0	0	0	0	0	0	0
Proposed system: Resignation ²	0.0	0.0	0.0	0.0	1.0	2.2	3.5	5.0	8.5	21.7

Proposed system: Retirement or death ²	0.2	0.2	0.8	1.3	2.5	3.8	5.4	7.1	11.1	28.3
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Footnotes

1. Current system: Compensation of one month per year of employment, with a limit of 11 (for workers hired subsequent to 14 August 1981).

2. Proposed system: Unemployment insurance: Layoff subaccount and contingent subaccount, plus compensation per years of service and credit.

Calculation based on assumption that the employer's contribution of 4.11 percent is made up to the 15th year of employment.

* Foxley Presents 1994 Budget Bill

94SM0009B Santiago EL MERCURIO in Spanish
16 Sep 93 pp B1, B10

[Text] Valparaiso—A joint special committee has begun its study of the 1994 budget bill—introduced yesterday in the Chamber of Deputies—with a message from Finance Minister Alejandro Foxley concerning the nation's economic progress and the state of the public finances.

In his message concerning the 1994 budget bill, Foxley stated that the bill provides—generally speaking—for a level of continuing expenditure that includes no new social programs. The budget will total 4,610,964,000,000 Chilean pesos and \$1.14 billion in foreign currency.

The finance minister said that the budget for next year reflects an increase of 5.4 percent, in real terms. He added that the greatest growth has taken place in the category of investment, which is increased by approximately 12 percent, with the result that current expenditure will be increased by approximately 4.7 percent.

Foxley said that the 1994 budget has been calculated on the basis of a 10 percent inflation next year and on a price for copper of \$0.83 per pound.

The budget bill was submitted to Congress two weeks earlier this year, so that it could be voted on by mid-November, thus enabling the members of Congress to participate in their election campaigns. The bill contains 25 articles and bears the signatures of President Patricio Aylwin and the finance minister.

The message sets forth the contents of the articles. Article 1 contains the estimates for income and expenditure by the public sector, which total 4,610,964,000,000 Chilean pesos and \$1.14 billion.

Article 2 consists of the National Treasury's budget, which includes the revenues collected by the Treasury and identifies the sums that it disburses to the organs of the public sector (see table) and the sums it allocates for

funding the programs of administration and direct execution by the Finance Ministry.

It states that the tax revenues estimated for 1994 are at a level compatible with the innovations to the existing regulations that were recently adopted and with the behavior of the principal economic variables predicted for fiscal 1994.

With respect to public expenditures, the message states that the allocation of funds is based on an overall criterion of continuing programs, without including any new programs but emphasizing the priority that has been assigned to the social sectors and to investment in regional infrastructures, which translates into a moderate increase in spending on items approved for the current year.

The message also states that the budget bill reiterates the government's policy, which is intended to stimulate economic growth in a way that also promotes—and is concordant with—greater social justice, without overlooking aspects that are important to the national community in the area of civil protection and the administration of justice.

The bill provides for a consolidated public debt—denominated in Colombian pesos and in foreign currency converted into dollars, equivalent to \$254.554 billion—most of which represents funds of foreign origin, so that the availability of credit to the other sectors of our economy will not be limited thereby. In any case, the level of the debt is less—in real terms—than that provided for the current fiscal year.

In its Article 3, the bill grants to the president of the republic the legal authorization to contract debt obligations to provide financing for next year's national budget. Similar authorization is granted for the purpose of contracting loans to finance projects scheduled for next year, and for their continuation in subsequent years.

Among other regulations, the bill contains provisions that regulate specified purchases and leases by the public services that require prior authorization from the Finance Ministry, and also the procedure for reassigning vehicles among the various departments of the individual ministries.

The bill also contains budgetary regulations with respect to personnel, and others that regulate the distribution of proceeds from the sale of government property and provide for regional participation in the distribution. The bill also provides for the continuation of current regulations concerning publicity, and for control of the spending of specified organizations.

Another article provides for a one-year extension of the funding of the irrigation and drainage projects, in order to extend the current sectorial policy for that period.

Two articles provide for operating mechanisms to ensure the appropriate implementation of the budget law and thereby avoid delays and disharmony in connection with implementation of the budget process.

Allocations to Government Departments for 1994		
Departments	Chilean pesos	U.S. dollars
Office of the President	2,918,296,000	755,000
National Congress	18,682,102,000	—
Judiciary	29,785,505,000	—
Comptroller General of the Republic	6,740,925,000	—
Ministries		
Interior	98,450,088,000	—
Foreign Relations	8,513,763,000	101,741,000
Economy, Development & Reconstruction	16,827,546,000	—
Finance	35,157,249,000	3,500,000
Education	504,705,858,000	—
Justice	57,717,433,000	—
National Defense	358,435,420,000	108,063,000
Public Works	155,374,573,000	—
Agriculture	36,381,393,000	—
National Resources	6,207,108,000	—
Labor & Social Welfare	1,051,337,039,000	—
Health	236,157,389,000	—
Mining	17,595,766,000	—
Housing and Urbanization	191,713,906,000	—
Transportation & Telecommunications	15,816,431,000	—
Secretariat General of Government	4,675,321,000	532,000
Planning & Cooperation	24,739,082,000	2,789,000
Secretariat General of the Presidency	1,580,064,000	—

* Fosis Study Identifies Poorest Communities

93SM0433A Santiago EL MERCURIO in Spanish
23 Aug 93 p B12

[Text] According to the document "Social Indicators on Poverty and its Territorial Concentration" prepared by the Fosis [Social Aid and Investment Fund], of some 335 communities distributed throughout the country, the 31 poorest communities are located in the regions of Auranca (11), Biobio (5) and Coquimbo (5).

In order to rank and classify these communities according to the degree of their poverty—as indicated in the recently published study—an index composed of three variables or indicators was formulated: 1. the percentage of the community's population in extreme poverty, according to information contained in the 1982 Map of Extreme Poverty; 2. the percentage of the community's population which was illiterate according to the census of 1982; and 3. the percentage of the community's first grade students that urgently required nutrition in 1989.

Then, for each of the three variables a "critical value" was established from which it was calculated that a community having an equal or higher value was at a "critical level" in that variable. Using this method, four groups of communities were formed: group 3 included all those communities that were at a critical level in all the variables, that is, the poorest ones; group 2 included those which were at a critical level in two variables, and so on. Each community was classified in one of the four community groups according to its degree of poverty.

In group two, there are 46 communities, in group one, 68 communities, and in group zero, 190 communities. Combining numbers two and three, there is a total of 77 poorest communities, of which half are located in three adjoining regions: 20 in Biobio, 15 in Auranca and 11 in Maule.

The Fosis study also classified the communities according to their locations. The poorest communities contain 2.62 percent of the national population. Of the total number, 28 are rural communities, two are mixed, and only one is urban. Group number two contains 4.06 percent of the nation's population; 38 communities are rural, 7 are mixed, and one is urban. In group number one (10.37 percent of the population), 44 communities are rural, 18 mixed and six urban. The communities in group zero contain 82.95 percent of the population. Of these, 44 are rural, 65 are mixed, and 81 are urban.

The study shows that "while half of the country's communities are predominantly rural, their population comprises only 13.7 percent of the country's population. This is not surprising if it is recalled that the rural indicator is, precisely, the low population density (population dwelling in settlements of fewer than 300 inhabitants and/or 60 households grouped together)."

For the purpose of implementing the Fosis programs and, particularly, the Abilities Development Program in Poor Localities [PGCLP], it was necessary to identify the rural areas or urban neighborhoods with the greatest needs throughout the country. This gave rise to the preparation of a survey, to enquire into kinds of poverty, depending on problems originating in lack of natural resources, capital, jobs, access to basic services, geographic isolation; the kinds of locations, in relation to demographic and human-geophysical and economic variables, the type of dominant economic activity; unemployment; presence of social organizations....

A minimum of 300 inhabitants and a maximum of 6,000 inhabitants were established as demographic limits. Other factors considered were sharing a common history, the existence of common social organizations and a pronounced primary interaction between their inhabitants. Finally, the number of localities registered in the Fosis Data Bank reached 2,423, mainly grouped in the regions of Biobio (561), the Metropolitan area (400), Valparaiso (278), O'Higgins (269), and Auracania (241).

According to the variable, relevant economic activities in the localities, those related to the forest-agriculture-livestock sector are mentioned 2,294 times, while urban oriented economic activities (services, domestic work, construction, commerce, and industry) are mentioned 2,008 times.

"The lack of job opportunities and the lack of training are the reasons for poverty most often cited in most of the locations in the country's various regions (Antofagasta, Valparaiso, the Metropolitan Region, O'Higgins, Maule, Biobio, Auracania, and Magallanes)."

According to the report, in the regions of Tarapaca, Los Lagos, and Aysen, the factors most frequently associated with the persistence of poverty in the various localities are the people's lack of training and lack of productive capital.

The Junaeb [National Board of School Aid and Scholarships] Index of Scholastic Vulnerability (1987-1993) is the only poverty indicator—according to the document—that allows a degree of separation at the level of small rural localities and urban neighborhoods throughout the country. This became a key point of reference in the identification of eligible localities within the PGCLP.

Among the socio-economic or environmental indicators in this index there are included: age at enrollment in first grade; mother's education; children in need of food assistance; number of children receiving aid under the School Aid Program (PAE); number of rural schools by community. Health-related indicators are: age-height ratio, height-weight ratio, school population with medical problems.

Of all of the localities that participated in this program (417), 47.7 percent register indices of Scholastic Vulnerability greater than 80 percent and 70 percent have an IVE greater than 60 percent.

The study concludes that ranking communities according to levels of poverty and health has made it possible to identify those communities that lag far behind in relation to the indicators, but it neglects the situation of large urban communities where most of the poor are concentrated. "And even the information with higher content of analysis, such as the Junaeb Index of Scholastic Vulnerability, while permitting the identification of large pockets of poverty, does not manage to describe the real dimensions of urban poverty."

* Commentary on Withdrawal of Aylwin's Human Rights Law

94SM0010C Santiago LA NACION in Spanish
5 Sep 93 p 39

[Commentary by Alberto Luengo: "Full Stop"]

[Text] The long night on Wednesday marked the end of one of the most complex chapters history has placed in the path of Patricio Aylwin. In that intensive night of negotiations, the leaders of the Concertation accepted what was already an irreversible political fact. They recognized that the law proposed by the president to speed up the completion of the pending trials on charges of serious violations of human rights "lacks legislative viability."

This was stated in a letter sent by the heads of the parties in the alliance at 0830 the following morning to the residence of the man who had assumed personal responsibility for the fate of this law.

President Aylwin had contemplated the situation over the previous weekend, and had already made his own decision. If the law did not win the required consensus, he would withdraw it. It was therefore not so difficult for him to accede to the appeal made by the heads of the coalition.

The various government spokesmen hastened to stress that the withdrawal of the law did not represent a failure, but rather confirmation of the fact that the country is not yet mature enough to face up to its past. "An undertaking of this scope requires a great national and political consensus," Minister Enrique Correa said. He weighed each of his words as he announced the withdrawal. "The president has established that this consensus does not exist," he said in conclusion.

However, Aylwin admitted to some of those close to him that this was perhaps the most serious political error committed during his term of office. He continues to be displeased with his partners in the Socialist Party, whom he blames for their "lack of historical vision."

In the final analysis, the law became a dead letter because of two major obstacles that the negotiators were unable to overcome. The first, that which they came closest to resolving, was the secrecy provided by the original proposal, not only for the names of the individual witnesses or of those who might be charged, but also for the facts this process was designed to establish. Negotiations for the purpose of establishing a reasonable time limit for this secrecy were well-advanced. But it was the second problem that could not, when all was said and done, be overcome. That was the possibility that the Supreme Court would appoint military judges as examining magistrates to speed up the handling of the cases. "This meant impunity, pure and simple," the socialist negotiators reiterated time and again.

The right wing, for its part, reached an agreement to vote as a bloc against the proposal if any of the key points

were modified. This bloc wanted approval of the original text, as submitted by Aylwin, without any changes. For the DC [Christian Democracy], this represented a revival of a nightmare dating back 20 years. Its members could either join with the right wing to pass a law the socialists had vetoed, which would have destroyed the coalition, or they could place their wager on unity with the left and abandon the project.

About this dilemma, there were no doubts.

On the other hand, there were sufficient indications during the week that if the legal changes the left wing had wanted had been made, the Army would have made its opposition felt in some way. Although this was stubbornly denied, it is probable that the president and General Augusto Pinochet discussed this at their unplanned and semisecret meeting Tuesday morning. This was the fifth private meeting the two men had had since the military protest action on 28 May.

The solution Aylwin then attempted to propose was trapped between these two types of reasoning, representing two opposite approaches, two different views of the past, two paths toward an unlikely reconciliation that would represent justice in the eyes of one group, while for the other group, it would mean forgetting the past.

The path has now become a slippery one. Minister Correa ventured the statement that there will be no further similar initiative, and the matter is regarded as closed. However, Patricio Rojas, his colleague in Defense, urged the parties in the Concertation on Friday to continue looking for "mechanisms" that might speed up the handling of the almost 200 pending cases. "Without a doubt, the cases that have been filed are a cause of concern," Rojas said. Although he did not say so, he was probably referring to the specter of Aldo Rico, often used as an argument by the military in their private meetings. "What happens if a colonel in a given unit rebels against what the entire Army perceives as a harassment of the institution?"

However, one military source believes that "the pressure was reduced" because many other obstacles to the civilian-military relationship—such as the handling of decrees, the situation regarding the Army assets, the lack of expeditious channels of communication—have been dealt with in the course of the dozens of working sessions the government officials have had with top-level military officers since the day the military donned their combat uniforms.

In the light of the results obtained, the project President Aylwin, relying on his tremendous moral authority, decided to propose to the country can be seen to have suffered a significant failure. However, it achieved at least two positive effects that are not negligible. The first, a temporary result, was that it contributed greatly to dispelling the unresolved tensions related to the celebration of the 20th anniversary of the military coup. And secondly, it helped the country to become aware of the magnitude of the task ahead, if what is wanted is to

overcome the symbolic trauma triggered when a squadron of Hawker Hunter aircraft bombed the La Moneda Palace.

* Lagos on Tensions in Coalition, Reconciliation

94SM0011A Santiago LA NACION in Spanish
12 Sep 93 pp 8-9

[Interview with Party for Democracy/Socialist Party leader Ricardo Lagos by Odette Magnet; place and date not given; first two paragraphs LA NACION introduction]

[Text] He has just arrived from Madrid and hastened his return because an aunt of his died this week. He becomes emotional when he talks about it, but soon composes himself. He sits on the edge of the armchair and says that this trip to Spain arose after the latest triumph of Felipe Gonzalez. "He invited me for a talk about the future. Essentially, the issue is how we can maintain a competitive economy, with a state of well-being, with employment and a common cause. It is worth noting what challenges exist, and in this sense he believes that the cases of Chile and Spain have many similarities, and we exchanged ideas on this subject. I also indicated to him what is evident to me: the necessity for a major deepening of Ibero-American policies. It was the habitual timeliness of the political ideas, there and here."

Ricardo Lagos exudes an impregnable vitality. As vice president of the Policy Council for the campaign of Eduardo Frei, he affirms that he never misses a meeting and that he is consulted on all matters of importance. He says that he has been friends for many years with Genaro Arriagada ("he was an assistant of mine" at the university), as well as with Edmundo Prez. "It is still a special friendship," he explains.

[Magnet] When they ask you in foreign countries whether the Chilean transition has ended, what do you answer?

[Lagos] That this is in progress, that the Chilean transition from dictatorship to democracy is moving forward. But that the other more profound transition, from an archaic to a modern Chile, is still very much in the early stages. And this second transition is much more complex than the first.

[Magnet] Do you admit that the Socialist Party and the PPD [Party for Democracy] have lost power as a political conglomerate inside the Coalition during the last four years?

[Lagos] Yes. But this is a result of the political system that we have, of the difficulty of defining oneself in a coalition in a presidential regime. The leadership that we had in '89 is very different from what we have today. This is the price we have had to pay, that few of our allies understand. But it has been a price worth paying, because we are speaking of Chile. At least I believe this. I am speaking sincerely.

[Magnet] Such generosity....

[Lagos] It is not generosity. It is understanding what the country needs. I have no doubt that in '89 I should not have been a presidential candidate, that this was not in the best interests of Chile. And I had no doubt that I should be one in '93, because the circumstances were different, as was the message I had to present. And I did not discuss this with anyone, either in '89 or in '93.

[Magnet] You said last October that Lagos was prepared to make as many sacrifices as the Christian Democrats. Do you believe the sacrifices have been shared equitably?

[Lagos] We are seeking a procedure through which both of us candidates are subjected to a verdict at the ballot box. And in this sense an equitable procedure of shared sacrifices was sought. That I might lose was another problem. What I could not accept was that I should not compete, and that in return I should be offered who knows what sinecure. Because I do not believe that politics should be like this.

[Magnet] Including the fact that not all the socialists shared the system of primaries....

[Lagos] Of course, they did not understand what it was all about. I think that now everyone has understood it. There were many of our people who had no faith. I perceive a certain disenchantment, because for many of them the roof fell in on their heads. There is a sensation of believing that politics is mostly pragmatism. One must seek consensus, and in the last reckoning what is mine or yours is not very important.

[Magnet] And there was a break between you and the minister Enrique Correa. But today, are you reconciled?

[Lagos] To be very frank with you, there was neither a break nor a reconciliation. Enrique was very frank in pointing out that he was in favor of my candidacy, but that at the same time he understood that in the end he would have to support a Christian Democrat. And at that point I told him that my only point of dissent was that there should be a single candidate from the Coalition, but that this should be decided democratically. Many people thought that this would strain the Coalition, break it. And I never believed that. And if you push me a little and ask me what would have happened if I had persisted until December, I would say that this would not have strained the Coalition either.

[Magnet] In your judgment is there nothing that endangers the Coalition?

[Lagos] Yes, many things. But it must be understood that for a coalition to exist thus, it must respect the diversity of its members. Each one should realize that it has the right to exist and not simply to submerge itself. What endangers a coalition is the failure to understand the minimum needs of the members.

[Magnet] How much diversity can a government coalition sustain without losing its political effectiveness?

[Lagos] The effectiveness is determined by the capacity to govern, and we have produced a good government. We have been effective. The general structure is solid and the public perceives it as such. If a situation arises such as that produced by the "Aylwin Law," not even this will strain the Coalition. Of course, if we pass an "Aylwin Law" every day, that is bad. But I do not believe this is something so negative, because the greater part of the government's orientation is known.

[Magnet] Don't you think that what happened with the "Aylwin Law" might be the beginning of what you call the "Second Coalition," which will be distinguished more by the differences than by the agreements between the governing parties?

[Lagos] Probably in the "Second Coalition" there will be more differences. This is probably a result of the new realities that we are experiencing. The important thing is how we handle the differences, how we learn that in spite of these differences we remain together. The primary elections are a good example. And in the future the proposed laws will have to be studied in a different manner. In this I am quite optimistic. Because I am not one of those who go around saying that we have a Coalition for two years and then split up.

[Magnet] Wouldn't it have been better for the country to have the "Aylwin Law" than to have nothing?

[Lagos] Absolutely. This law, as it was presented, implied simply that in your newspaper you would not be able to say more about the matter. Or in other words, the subject of human rights would be finished. Pardon me, I will keep what I have now.

[Magnet] Which is nothing....

[Lagos] It is nothing, but I have not been an accomplice in this nothing. If the judge disqualifies himself and passes the case to the military courts it is not because I, with my votes, helped to dictate an amnesty law. I said to President Aylwin: "No one can say that what is happening today is your fault. So that tomorrow they will not say 'It was the Aylwin Law,' thanks to that law we cannot report that this or that official was accused because it appeared that he was connected with such and such a thing."

[Magnet] Nonetheless, there was consensus at the time that this was the final attempt to reach the truth in the matter of human rights. And it is obvious that we are dealing with a heavy burden to be inherited by the next administration.

[Lagos] Undoubtedly, but I have not yet seen any act of contrition by those responsible.

[Magnet] It was General Pinochet who said that the "Aylwin Law" was converted into a monster after its passage by the Chamber.

[Lagos] I am not an expert on monsters.

[Magnet] Pinochet also said that the disappeared detainees were hidden by their own companions.

[Lagos] It appears to me that this shows a lack of respect for the Chilean society. Enrique Paris was detained in La Moneda. He was seen in the Tacna Regiment. Where is Enrique Paris? The great majority of those who disappeared were kidnapped by a military patrol and delivered to a regiment. This has been proved and General Pinochet knows it. The country knows this. It is on this account that the Right is so interested in a "law of termination" because they believe that this would resolve the problem.

[Magnet] Arturo Alessandri himself said he was inclined to reinstate the "Aylwin Law"....

[Lagos] It would be useful if that gentleman had a clearer understanding of these matters. There are people who remained quiet for so many years, never raised their voices. And now everybody respects human rights.

[Magnet] If you were president of the Republic today, would you have sent for Pinochet at La Moneda after his latest declarations?

[Lagos] It is very difficult to put oneself in the current situation. It is very difficult to understand the set of reasons a president has for acting as he does. Nonetheless there is a process considered in the present Constitution, that is to call on the National Security Council, which can propose the removal of the commander in chief. I believe there are moments when one must consider doing some such thing.

[Magnet] In your opinion, should Aylwin have called together the Security Council after the demonstration of May 28?

[Lagos] Yes. Because what Pinochet did was unrealistic. Because if it is normal for the people to put on uniforms and walk the streets wearing caps and such things, then it should be stated. Is it normal that this man should bring out the tanks in the streets, drive them from Buin Regiment to San Bernardo Regiment, and circle around the Plaza de Armas and La Moneda? Yes, it is normal, then let us tell it to Chile.

[Magnet] In this context, do you really believe a reconciliation is possible in Chile?

[Lagos] We are moving toward this. It is ugly to say it, but it is true: Time heals all wounds. What is reconciliation? For anyone under 35 years old, what is the 11th of September? A date they learned in the history book. And Chile also wants to turn the page. But it wants to do it with a certain dignity.

[Magnet] Are you willing to admit that it is much harder for the Socialists and members of the PPD to vote for Frei today than for Aylwin in 1989?

[Lagos] The times are so different... '89 was rather the continuation of '88. Aylwin was NO. Buchi was YES. There was no place to hide. But today you have the priest Pizarro, one from there, another from here....

[Magnet] They are even talking of a "vote of punishment" or "of identity" from the Coalitionist Left, which would necessitate another presidential round. Do you accept the idea that this could happen?

[Lagos] I do not believe so. The analysis is not so mechanical. Note that Aylwin got almost the same number of votes as the NO. Are they the same votes? No, because Aylwin surpassed the NO enormously in the rural zone, because there they have lost their fear.

[Magnet] Will you vote for Frei with the same enthusiasm you had for Aylwin?

[Lagos] Yes, of course.

[Magnet] What will you say to the people of the Coalition who are not willing to vote again for a Christian-Democrat?

[Lagos] I will say, first, that if they participated in the primaries, they will have to abide by the results. Second, with the jobs we have to do, the power of a coalition government in the next term is important. We cannot yet afford the luxury of anything else. But, at the same time, I believe it is important to construct a modern, progressive political force, which can identify with the tremendous majority of this country. I want to be a part of this, and if I can contribute, obviously I would like to do so. Because we thus consolidate a democratic system. If this Left did not exist, it would be created somewhere else; in politics there is no vacuum.

[Magnet] One of the criticisms leveled against you, to be specific, is that it is not known clearly what path you are going to follow. There are complaints of lack of leadership and orientation....

[Lagos] I have heard those things. I have tried to be as diaphanous as possible. The order of the day for us is to win the parliamentary election, and after that to seek a means of joining these political forces—primarily the PS and PPD—in one large force, which is the only thing that counts. Because I have come to the conclusion that this experience will yield nothing else. Either the PS and the PPD make an effort to live together and from this construct a new force, or they will have to content themselves with remaining small parties of 8 or 9 percent. What are the rhythms of this, the tempos? We will have to see this in terms of the political feasibility.

[Magnet] As executive vice president of the Political Council of the campaign of Eduardo Frei, are you satisfied with the emphasis placed on the campaign, or do you think there are important things that were left out?

[Lagos] There is a debate over the program going on right now inside the Coalition and the campaign of Frei. Also

I have seen with considerable satisfaction that the matter of education as a basic element to combat poverty has been given much weight. There are certain proposals dealing with international politics, on the subject of labor. But we must look much deeper into the type of tasks that correspond to the next term and get them under control. I am still afraid that although the pending reforms may figure in the government of Frei, they will not be implemented because there is no majority in the Senate. The Right is accustomed to govern by blackmail. If you want this, I demand something else from you.

[Magnet] The blue tide rises within the campaign of Frei, you say. Up to what point are the socialists and the PPD willing to continue as the accompaniment, the rice on the Christian-Democratic menu?

[Lagos] I know that some people believe this. I deny it, and I have fought against it. I am not interested in participating in such a role. Up to now, the Left within the Coalition has not played a secondary role.

[Magnet] This week you requested Aylwin to veto a measure considered in the tax reform dealing with financing of education. This after the PS and the PPD vetoed the "Aylwin Law." How should the country interpret this? Is it that Lagos is distancing himself from the government and from Aylwin?

[Lagos] No. I have meditated at length on the matter of education and have spoken my piece because it was important to do so. I am aware that this role of Jiminy Cricket in politics is disagreeable. I have no desire to play it, but this has to do with a subject that moves me very deeply, and I have a firm conviction that what has been approved in Parliament is bad. Even more so, it is disastrous for Chile; it stratifies education and represents a very radical change. I have had many disagreements with the President, and therefore the Country perceives me as an opponent. In this particular case the President was informed, and I spoke to him of my petition to veto this law. He told me he would think about it.

The journalist Monica Gonzalez, who publishes an interview in these pages every Sunday, is currently on vacation.

*** Carabineros Reduce Use of Arrest on Suspicion**

94SM0010B Santiago LA NACION in Spanish
10 Sep 93 p 10

[Article by Manuel Villar Burchard]

[Text] A slight easing in the always tense relations between the party and student youth and the Carabineros could be detected when the representatives of these sectors and the Committee for Defense of People's Rights (CODEPU) met yesterday with Rodolfo Stange, the general director of that police body, Rodolfo Stange. The meeting was called for the purpose of analyzing the

arrests that have been made on the basis of suspicion and the alleged violent "excesses" committed by the police in their work.

The interlocutors on these issues were the director-general and the deputy director-general, Rodolfo Stange and Alfredo Nunez, respectively; Alvaro Elizalde, president of the FECH [Student Federation of Chile]; Joaquin Aedo, the head of the Party for Democracy Youth; Mauricio Bugueno, president of the Socialist Youth; and CODEPU lawyer Hiram Villagra.

Along with the possible detente in this polemic issue revealed by this meeting, a decline in the practice of making arrests on suspicion, which is confirmed by the official statistics, can be noted. There were comments after the meeting yesterday about the indications of a new attitude on the part of the police toward these problems.

The figures show that the highest level of arrests was in 1991, with a drop of about 10,000 in 1992 and a further decline of more than 50 percent in recent months, as compared with the first quarter of this year.

Aedo said that in connection with the Law on Arrests on Suspicion, there was agreement with the Carabineros about the need to inform those arrested of their rights and to limit the activities justifying "suspicion." It was also determined that the citizens and the Carabineros must be informed that "violence is not a legitimate means of resolving problems." It is better to use persuasion, education, and prevention, it was agreed at the meeting yesterday.

Aedo emphasized that "General Stange promised to review the past record, expressed his desire to resolve this problem, and asked for assistance in preventing deeds of violence, particularly nowadays." Meanwhile, the police commander confirmed that the police will act if norms are violated, "but on the basis of improved criteria."

The meeting requested by the leaders was held at the General Headquarters of the Carabineros five days after the events that occurred during the celebrations held to render homage to Salvador Allende last Saturday, and in view of the ceremonies scheduled for tomorrow morning, Saturday, 11 September.

General Stange was given a direct report of the situations on the agenda. One of his interlocutors, Alvaro Elizalde, was arrested and beaten on Saturday, 4 September, when no more than 15 youths made a symbolic change in the name of Santa Rosa Avenue to Salvador Allende Avenue. Meanwhile, an authorized march by the MIDA [Allendist Leftist Democratic Movement] deteriorated into civil disturbances, despite the appeals made by the leaders of the movement.

**Arrests on Suspicion in the Metropolitan Region
(1989-1990-1991-1992-1993)**

Year	Total Arrested	Monthly Average	Daily Average
1989	83,065	6,922	231
1990	77,797	6,483	216
1991	105,311	8,776	293
1992	92,173	7,681	256
1993(*)	21,732	2,717	89

*Thus far this year.

Hiram Villagra, the attorney for the CODEPU, has studied quite a number of reports of arrests on suspicion, principally in the poorer neighborhoods, and can therefore speak knowledgeably on the issue.

On the subject of yesterday's meeting, he told LA NACION that all the participants spoke in very similar terms. "General Stange announced a possible 'elimination' of the massive roundups in the near future, together with a 'visible' reduction in the arrests made on the basis of suspicion."

Villagra confirmed first of all that control of the use of force depends exclusively on the Carabineros, and he said that there may be some relaxation when the factors that lead to conflict are eliminated.

Secondly, he stressed that the dialogue with Generals Stange and Nunez represents progress, but that it will be meaningful only insofar as this attitude on the part of the high command of the Carabineros is reflected in the concrete behavior of the officers and their subordinates, and the practices pursued at the police stations, basically those in the poorer quarters.

Colombia

Military Commanders Remain in Posts; 5 Generals Retired

PA2610020093 Santa Fe de Bogota Inrvision
Television Cadena 1 in Spanish 0000 GMT 26 Oct 93

[Report by Miriam Ortiz; from the "24 Hours" newscast]

[Text] The military commanders of all forces were spared in a shakeup, however, five Army generals were retired. General Sanmiguel Buenaventura, who was serving as deputy Army commander will be replaced by General Camilo Zuniga. Zuniga was inspector general of the military forces and will be replaced by General Humberto Correa, who led the operations in La Uribe and was Army inspector general.

Correa will be replaced by General Juan Salcedo Lora, who is director of the Superior War College. General Ramon Nieves Uzcategui will replace Salcedo. General Crispiniano Quinones also left the institution. He will be

replaced as commander of the 13th Brigade headquartered in Santa Fe de Bogota by General Norberto Adrada Cordoba, who was chief of the Special Counterinsurgency Commando Unit.

Personnel Chief General Victor Arevalo, Operations Chief General Sigifredo Delgado, and Gen. Adolfo Clavijo, chief of the Army Psychological Operations Department, also left the institution. General Harold Bedoya, commander of the Army 2d Division headquartered in Bucaramanga, was appointed representative to the Inter-American Defense Board in Washington. He will replace General Farouk Janine Diaz in that post.

Domingo Lain Front Becomes Another ELN Splinter Group

PA2210233893 Madrid EFE in Spanish 0748 GMT
20 Oct 93

[Text] Santa Fe de Bogota, 20 Oct (EFE)—The powerful "Domingo Lain" Front of the Marxist Army of National Liberation (ELN) of Colombia has become just another splinter group of this organization. The front has assumed the leadership of the truceless war and has become the main source of funds of this insurgent group.

The ELN is now divided in three factions with different ideologies and political strategies: the "progressives" who are searching for a political solution, those in the central command who do not rule out such a possibility, and the "ultra-radicals" who defend terrorism and other types of violence to take over power.

The "progressives" are grouped under the Socialist Renewal Movement (CRS), which groups together some 300 men whose leaders are about to reach a peace agreement with the administration of President Cesar Gaviria in exchange for political opening and social aid in the zones in which they operate in.

The ELN's central command is headed by former Spanish priest Manuel Perez, who represents the guerrilla spectrum's neutral wing. It has nearly 2,000 members ready to continue the war, even though its doctrine says that dialogue still is a viable and necessary solution. According to the latest issue of the Colombian edition of "CAMBIO 16" magazine, the central command lost control of the "Domingo Lain" Front, which has opted to wage an open war against the state since 1 October.

The first split—the split of the CRS—involved the ELN columns operating on the northwestern banana zones of Uraba, Sucre Department, where they established the encampment where talks with the executive branch will take place within the next few days. Two years ago, CRS members withdrew from the General Directorate because they disagreed with terrorism and kidnappings. They also withdrew because they believe that changes occurring since the fall of the communist bloc demand a deeper analysis of the armed conflict. These basic discrepancies among the three different currents prevailed

during the talks between insurgent and government representatives in Caracas, Venezuela, and in Tlaxcala, Mexico.

The second split took place during an ELN commanders meeting less than three weeks ago. During the meeting, the ELN commanders sought to analyze the resumption of talks, the group's position on the electoral process, and the future of the National Guerrilla Coordinating Board (CNG).

The deliberations, according to "CAMBIO 16," took another turn when "Domingo Lain" Front representatives, who operate in Arauca Department on the Venezuelan border, rejected the possibility of a dialogue and maintained their position to declare "total war" against the state. Although the "Domingo Lain" Front's belligerent proposal was rejected (only three of the 16 members of the National Directorate supported it), the front announced its withdrawal. It did get the support, however, from the Casanare, Cundinamarca, and Boyaca divisions, which could have between 500 and 800 men.

The deterioration of the relations between the "Domingo Lain" Front and the group headed by "Father" Perez started in 1989, when the former abducted and murdered Arauca Bishop Monsignor Jesus Emilio Jaramillo.

According to the magazine, the Central Command questioned this action, but it abstained from adopting severe measures "because unity was more important than everything else." Another important reason was that the "Domingo Lain" Front had given the organization a significant amount of money, which was the product of extortion against multinational oil firms, contractors, and local governments, which for many years contributed to the strengthening of the ELN.

"CAMBIO 16" adds that "Father" Perez is drafting a negotiating strategy that agrees with the proposals of the Revolutionary Armed Forces of Colombia (FARC) to promote regional dialogues. The ELN was founded in 1965 by a group led by brothers Fabio and Manuel Vasquez Castano with a communist orientation. At first, its members were followers of the Cuban Revolution, but they were later influenced by the "guerrilla priest" Camilo Torres Restrepo, who died in a clash with the military in 1968.

Over the past few years, their main objective has been to attack the oil infrastructure. This is why the ELN has constantly attacked the Cano Limon-Covenas oil pipeline, which is the most important in the country, to protest national oil policies. The ELN is part of the CNG. The FARC, which is the largest insurgent movement in Colombia, and a splinter of the Popular Liberation Army (EPL) are also CNG members.

* Poll Gauges Candidate, Gaviria Popularity

94P20039 Santa Fe de Bogota EL TIEMPO in Spanish
19 Sep 93 p 1, 8A

[Excerpts] The persistent tie between the two most favored presidential hopefuls constitutes the dominant trend with regard to the election. This is evident in the latest poll conducted by EL TIEMPO and the Yankelovich firm.

For whom would you vote in a first round?

Andres Pastrana	27.2
Ernesto Samper	26.1
Antonio Navarro	11.3
Miguel Maza	7.6
Enrique Parejo	6.0
None of the above	13.7
Unsure/No answer	8.0

(If Carlos Lemos decides to go directly to the first round, he would obtain 8.1 percent of the vote and the others would lose 1 or 2 points.)

In fact, in a first round of the presidential election, Andres Pastrana would have a 1.2 [as published] percentage point advantage over Ernesto Samper, a difference which has little significance given the poll's 2.5 margin of error.

In a second round, the equality between the two candidates would be mathematic: each would receive 38.3 percent of the vote.

Judging from these results, Andres Pastrana has been little affected by not having publicly announced his candidacy, at least vis-a-vis Samper. By contrast, the Liberal and former minister [Samper] has not benefited greatly by having campaigned during the past two months. At least with regard to voters as a whole.

Nevertheless, among those who have decided that they will indeed vote—57 percent of respondents 18 years or older in the six largest cities—Samper has a slight edge: he would have a 0.7 percentage point advantage. In a second round, he would win with 45 percent of the vote compared with 40 percent for Pastrana.

Are you planning to vote in the coming elections?

Yes	57 percent
No	25
Don't know/No answer	18

Among those vying for third place, the competition is also tough. After Pastrana and Samper, Navarro would be in third place with 11 percent. He would be followed by Carlos Lemos with 8.1 percent, Miguel Alfredo Maza, Marquez with 7.1 percent, and Enrique Parejo with 4.8 percent. [passage omitted]

With regard to the first round the candidates have strengths and weaknesses depending upon the city. Samper is doing better in Medellin and Bucaramanga. Pastrana in Bogota and Cali, Parejo in Barranquilla, Maza in Bogota and Barranquilla, Navarro in Bucaramanga and Barranquilla, and Lemos, if he runs, in Bogota and Medellin.

It should be noted that Barranquilla is an area of great competition. Several of the candidates and precandidates are doing well there. This coincides with another revelation of the poll: "La Arenosa" would have the lowest abstention rate of the six cities surveyed. If the elections were held today, 71 percent of Barranquilla residents 18 years of age or older would vote. By contrast about 55 percent in Bogota, Cali, and Medellin would vote.

The Primaries [passage omitted reiterating figures in table]

If the primary were held tomorrow, for whom would you vote?

Liberals	
Ernesto Samper	37 percent
Humberto de La Calle	16
Carlos Lemos	11
David Turbay	3
Rodolfo Gonzalez	0.7
Luiz G. Solorzano	0.3
None of the above	16
Don't know/No answer	9

Conservatives	
Andres Pastrana	48 percent
Roberto Gerlein	4
R. Marin Bernal	3.5
Gabriel Melo	3.4
Juan D. Jaramillo	3.3
Rodrigo Llorente	2
None of the above	30
Don't know/No answer	6

A Deadlock

If the predictions come to pass and no one obtains an absolute majority in the first round, the two candidates with the most votes would have to subject themselves once again to the scrutiny of the public. If such were the case, Pastrana and Samper would each obtain 38.8 percent of the vote, according to the poll.

Candidate for whom you would vote in a second round	
Ernesto Samper	38.3percent
Andres Pastrana	38.3

None of the above	18.8
Don't know/No answer	4.5

However, the candidates have advantages according to city, social status, age, and political affiliation of voters.

Samper would lead Pastrana by 9 points among the upper class. However, among middle and lower class voters, the former mayor of Bogota would have a slight advantage of 1-2 percentage points. Samper would lead among male voters, and Pastrana among female voters. Pastrana would lead among young voters between 18 and 24 years old, and Samper among those between 25 and 34 years old.

In the cities, they would be tied in Bogota, but Pastrana would lead by a comfortable margin in Cali and Pereira. Samper would lead in Medellin, Barranquilla, and Bucaramanga. In Barranquilla Samper has a 13-point advantage.

There are also differences according to the party affiliation of the voters. Seventy-two percent of self-described Liberals say they would vote for Samper and 14 percent would vote for Pastrana. Seventy-five percent of self-described Conservatives would vote for Pastrana, and 11 percent would vote for Samper. But what is most surprising is that each would obtain the majority of its votes from among those who do not claim affiliation with any party.

Few Party Members

The poll shows that, among Colombians in major cities, those claiming membership in a particular political party are beginning to be in the minority.

Barely 23 of every 100 citizens view themselves as members of a particular political group. Among the lower classes even fewer claim membership: only 20 percent.

The trend toward disintegration of parties is seen even more clearly when viewed according to age. Among those between 18 and 34 years of age, 84 percent say they do not belong to a political party. Among those between 35 and 40 years of age, 77 percent do not belong to a party. Among those between 45 and 65 years of age, approximately 65 percent do not consider themselves to be members of a party. By contrast, among those 66 years or older, the generations which lived at the time when the violence between Liberals and Conservatives was at its peak, approximately half claim membership in a party.

A pattern was detected in the poll: the larger the city, the fewer the number of persons who considered themselves members of a party.

Thus, for example, 20 percent of respondents in Bogota said they belong to a party, compared with 32 percent in Pereira.

Among the minority claiming membership in a party, the vast majority—66 percent—was Liberal and 24 percent was Conservative.

Other Polls

There are differences and similarities compared with other recent polls. For example, a poll conducted by the National Consulting Center and published in the magazine CROMOS shows that if the elections were held now, Pastrana would lead Samper by 10 percentage points in the first round, and would win by 8 points in a second round.

Although the poll does not specify either the margin of error or the methodology used to collect the information, it is likely that these and other technical factors explain the differences compared with the Yankelovich poll.

Another poll which was not published and which was conducted by the Napoleon Franco firm a couple of weeks ago gave similar results to those of the Yankelovich poll but with a smaller sample size.

According to this poll, Pastrana and Samper would be nearly tied in a first round with 20.8 percent and 18.6 percent of the vote respectively. Navarro received 11.2 percent of the vote.

Polling Methodology

The poll was conducted by the firm Yankelovich Innova of Colombia according to the guidelines established by EL TIEMPO. Interviews were conducted with 1,466 persons 18 years of age or older who were randomly contacted by telephone. It was conducted during the period 4-11 September in Bogota, Medellin, Cali, Barranquilla, Bucaramanga, and Pereira. Of those interviewed, 214 persons were from the upper class, 877 from the middle class, and 375 from the lower class.

A Note to Readers

The firm Yankelovich Innova of Colombia asked EL TIEMPO for permission to conduct opinion surveys on a permanent basis during the campaign of Andres Pastrana Arango. Yankelovich, which until now has had an exclusive contract with EL TIEMPO, stated that "to work for an information medium such as EL TIEMPO and at the same time for a political candidate (under a permanent arrangement) could result in a situation where there is a conflict of interest for one or for all three parties involved."

As there could be a conflict of interest in polls which measure the progress of the campaigns and the candidates, the newspaper accepted Yankelovich's request that it be allowed to subcontract—beginning with the next poll measuring popularity of presidential candidates and until the end of the campaign—all polls measuring candidate performance, contingent upon prior approval by EL TIEMPO of the polling subcontractor.

This will guarantee our readers complete objectivity with regard to polling.

[Box, p 8A] The Government Continues Improving

President Cesar Gaviria's image continues to improve in the eyes of Colombians in the six cities where the poll was conducted. Today 31 percent have a good opinion compared with 15 percent in May.

However, 52 percent of Colombians have a fair opinion of the president, and 13 have a low opinion. More upper class respondents (37 percent) have a good opinion of Gaviria, and fewer persons from the lower class (23 percent) have a good opinion of him. He has a good image among more people in Medellin, Barranquilla, and among fewer in Cali.

Likewise, more people today are satisfied with Gaviria's performance in office. Today 47 percent of those polled were satisfied with his performance, compared with 34.5 percent in May.

Forty percent are not satisfied with his performance and 12 percent were undecided.

As was the case with responses to the question about his image, Gaviria had a better showing in the upper classes where half expressed satisfaction with his performance. By contrast, most of those who were not satisfied with his performance were in the lower classes (46 percent).

He received the highest ratings for his performance from respondents in Barranquilla and Pereira, his place of birth, and once again it was in Cali where respondents registered the most dissatisfaction with his performance.

At any rate, the figures show a level of acceptance which is uncommon for a president who is in his last year in office.

* ANDI Asks Associations To Adopt New Role

94SM0020A Santa Fe de Bogota EL TIEMPO in Spanish 17 Sep 93 p 3A

[Article by Marcela Escobar Ramirez]

[Text] Cartagena—It is now the turn of business associations to modernize and adapt to the new approach to development. No longer can they be content to stand back and do nothing but submit petitions based on immediate goals unless they want to be excluded from major decisions and the changes now occurring in Colombia and the world.

While it would not have been at all unusual if the appeal for radical change in business had come from the government, it was actually expressed by one of the country's main associations: the National Association of Industrialists (ANDI), meeting at its annual assembly in Cartagena.

The president of ANDI was categorical: "Our problems do not reside in the rate of exchange, exports, or farm

production. Our main problems have social roots" such as the lack of security and an inability to access the technology needed to make industry competitive.

The new role of business associations does not merely consist of being able to anticipate the impact of the processes of transformation and change which the country is undergoing, but also of guiding the necessary transformations, an ANDI document states.

The manufacturers are also concerned about the proliferation and scattering of business associations, which they think might pose the threat of excessive concern for narrow interests and divert attention from the country's main problems.

The association nevertheless makes it clear that it does not reject trade union freedom, while at the same time stressing the need for an organization that will be a leader and a valid interlocutor for the government.

ANDI's view of the future includes the main points to be taken into account by economic officials in order to make sure that the production sector and the country do indeed have a future.

The following are the most important points of the central document of the manufacturers' assembly, entitled "Looking to a Proposal for the Development of Colombia."

Urgent Need To Solve the Problem of the Lack of Security

Businessmen give top priority to the urgent need to solve problems relating to security and justice. "As long as the government's supremacy can be challenged by third parties, we shall never have peace, much less investment. Likewise, the proliferation of veritable private armies of guards and policemen in our country is not normal," the document states.

ANDI questions the fact that businessmen should have to provide for their own physical integrity as a result of the government's weakness and inability to provide for the safety of citizens.

According to the document presented in Cartagena, the association emphasizes that the government should exercise sovereign control over the entire national territory and condemns the fact that certain areas remain off limits to authorities.

Nevertheless, the businessmen recognize the government's efforts in the field of security and greater justice, but note that such actions will be effective only if there is continuity.

The association emphasizes that the government alone is empowered to take the initiative in security matters, but appeals to the private sector to support authorities.

Promotion of Exports

In order to promote exports, ANDI sees an urgent need for governmental action in areas such as credit, advertising, operating incentives, and supply.

However, it says that the best incentive of all would be to provide security for exporters in the form of trading terms.

Given the fact that Colombia's exports concentrate on a very limited number of products, the document proposes support for a diversification of production through more credit, access to long-term capital goods, and systems of information making it possible to identify the sectors that offer advantages.

"This is not an encouraging picture for national industry and change is essential. The best guarantee for industry and industrialization is the survival of the domestic market. Nor is it a matter of outrageous protection. Rather, we must make rational use of the mechanisms available. This in turn means that we shall not be able to compete in all areas and that conversion alone is not enough."

Improved Infrastructure

Businessmen insist that the road and transportation infrastructure is highly inadequate, which hurts the ability of Colombian products to compete abroad.

They wonder why, two and a half years after the Road Plan was drafted for the economic liberalization [apertura], progress on projects is so far behind schedule.

They also criticize the way in which port reorganization was planned. It was based on turning the infrastructure over to private parties, when what the latter actually want is to set up operating companies.

As for the railroads, ANDI argues that the government should assume responsibility for reorganizing and improving the rail system if it wants private capital to participate actively in the creation of rail transport companies.

In general, the businessmen believe that if the intent is to overcome deficiencies in the country's infrastructure, it is indispensable to increase investment goals set for the construction of highways.

Unified Action

ANDI believes that industrialization must be a national objective and that unified action plays a major role in achieving it.

The association says the government should draft policies of sectoral development making it possible to extend modernization beyond the purchase of machinery and equipment.

It also points to the need to apply a system of incentives for companies that undertake technological transformations, engage in exporting, embark upon modernization programs, and train workers efficiently.

It asks for temporary protection for industries with a high export potential but going through an actual apprenticeship in production.

Concerning the agricultural sector, they think the government should provide solid support for research and the transfer of technology aimed at increasing the sector's productivity.

Stimulating Foreign Exchange Spending

On the subject of exchange, ANDI believes that the best way for the government to increase the rate of devaluation is to provide businessmen with incentives for spending foreign exchange, thus countering the increase in international reserves.

Incentives for foreign exchange spending would concentrate on lower tariffs on capital goods imports, long-term financing for the transfer of technology and human development, and infrastructure projects having a high level of imported components.

With respect to monetary management, they believe it is more important to maintain low interest rates that stimulate investing than to control inflation.

They emphasize that greater efficiency and competitiveness of the financial sector must be sought in order to reduce the gap between the rate of investment and the rate of attracting investments.

Changes in Labor Code

On the question of labor, ANDI believes it is necessary to make changes in the latest reform in order to inject more vigor into economic disputes between companies and trade unions and their instruments, including collective bargaining, the right to strike, and courts of arbitration.

Such changes would be aimed at making it possible to set wages based on the employee's own productivity.

The association does not think a similar proposal is feasible based on existing legal provisions, inasmuch as the latter facilitate the use of collective bargaining in the pursuit of political objectives such as the indefinite duration of strikes and the intervention of unions in industry.

It says that it is not after a new labor code, but rather, seeks to introduce more flexibility into the existing system.

* Samper on Economy, Response to Insurgency

94SM0008A Santiago EL MERCURIO in Spanish
19 Sep 93 p D18

[Interview with Liberal Party precandidate Ernesto Samper Pizano by Jose Manuel Alvarez E., in Santiago; date not given]

[Text] Colombian presidential candidate Ernesto Samper Pizano was in Santiago recently, as part of a trip to various Latin American countries for talks with political and economic authorities, and to exchange ideas and opinions with a view to bolstering his campaign platform and his possible presidency.

He holds that the different types of violence that beset Colombia must be addressed "with the force of arms," but also "with social development." In that sense, he advocates increased intervention by the state, to consolidate and legitimate the "apertura" [economic liberalization] process, in addition to averting social flareups.

Samper Pizano was born in Bogota in 1950. He studied law and economics in Colombia, the United States, and Mexico. For 15 years, he taught economic development in the principal universities of his country.

In 1982, he began his political career, during which he has served as director of the association of financial institutions, municipal councillor for Bogota, member of the House of Deputies, senator, minister of economic development, and ambassador to Spain.

He is now a presidential candidate for the Liberal Party, and, according to the polls, the favorite to win the election in May of next year.

[Alvarez] In barely 12 years into your political career, you could become president of the Republic, according to comments being expressed in your country.

[Samper] I hope that those who are stating this opinion will vote for me. The fact is that in Colombia a rather interesting process of political renewal is under way. Something new came into being with the murder of Luis Carlos Galan, who during his time represented the new, young alternative, a creative approach.

Samper Pizano explains that "I have always aspired to the public-service thing," even when teaching his university courses.

He adds that his party is liberal in Colombian terms. That is to say, "We are liberals insofar as concerns the political, and conservatives with respect to the economic. I belong to what can be called a social militancy of the center. It is neither an extreme left nor an extreme right. It is a center with emphasis on the social. It has a certain affinity with social democracy."

Analyzing the situation in Colombia, he says that the country is traversing "a somewhat schizophrenic stage."

And this, because "on the one hand, we have a very acceptable rate of economic growth. The country has raised its level of reserves to a rather enviable index in Latin America, sufficient to purchase 18 months of imports. In recent years we have not posted a single negative growth rate. Our inflation is under control; our unemployment rate is reasonable; the country continues to invest, continues to grow. Even the international organizations recognize the excellence of our economic management."

Nevertheless, he points out that "on the political side of things, we have many problems. A very complex situation of violence persists, fed on different fronts by drug traffic money."

For this reason, he asserts that "we must apply our efforts to bringing our economic performance to bear contagiously on the political."

[Alvarez] In view of the climate of violence, a climate in which Colombia finds itself, how do you think this phenomenon should be confronted?

[Samper] The response to violence is as complex as the phenomenon itself, because we are not in the presence of just one violence, but rather many forms of violence. Drug traffic violence, subversive violence, the violence of terrorism, criminal violence.

Samper Pizano states that "I am working on a plan of integral response to the violence, along the following lines: First, maintain the presence of the Armed Forces in all parts of the country, and consolidate and press forward with the public-order measures being applied by President Gaviria's government. Second, complement this military presence with social presence. We are not going to rout violence by the force of arms alone, without social support from the state. Third, develop a national intelligence system. Many of the activities from which we are suffering cannot be battled by force, but rather by intelligence, by prevention. Fourth, launch a citizen-based security plan. Last, develop several measures to modernize the police and the security organizations.

[Alvarez] The guerrillas, however, say they will not lay down their arms.

[Samper] A distinction must be drawn. A part of the guerrilla action has become criminalized; that is, some subversive activity has been converted into a particular form of gain, through kidnappings and other similar acts. It is an excuse, an argument to which the only thing that can be applied is the law.

He then posits that there is another part, "regrettably, the minority," the guerrilla leadership, concerning which one wonders whether or not there are possibilities of reaching a negotiated peace. I think that at this particular point in time there is no possibility of a negotiated peace, because they are groups that withdrew from the negotiating table in Mexico, shut the door to dialogue, and locked it from the outside. They know exactly how that

door can be reopened. It is they who must open it. Not we. They must demobilize, disarm, and demonstrate unequivocally that behind their wish to return is the intent to stay, and not to come and go, which is what we have been experiencing for the past several years.

[Alvarez] The drug traffic is also a very violent activity, with a substantial presence in the country.

[Samper] In this regard, we must consider three distinct aspects of the problem. One is narcoterrorism; then there is the drug traffic as a national activity; and third, the drug traffic as an international reality.

As to narcoterrorism, no negotiation of any kind is possible. With respect to the drug traffic as a national problem, we have proposed that the law of voluntary submission be maintained. The episodes of Escobar Gaviria's flight are lamentable and ignominious, but the fact is that this policy has produced results and has led to indictments. The third aspect is the international problem, which involves an economic problem. A demand, a consumer market, engenders a supply, which can come from any country, and it must be addressed on a global basis.

[Alvarez] In any case, the citizens live in constant fear of the wave of criminality that is affecting all aspects of national life.

[Samper] Insecurity is a world problem, and its connotation in Colombia is that, together with the drug traffic, it is exerting devastating power. To deal with it, a citizen-based security program is needed.

[Alvarez] How do you view the economic process in Colombia, and what changes would you bring to it?

[Samper] We have achieved the first stage of the "apertura," which is the liberalization of trade, the lowering of customs duties, the influx of foreign investment, and the adaptation of the labor market. We must now undertake the second stage of the "apertura," which is competitiveness. That is, we must seek to further develop our infrastructure, procure the technology we need, and—an aspect that I consider fundamental—invest in human capital; that is, in health and education.

Social investment is the only way we have to consolidate and legitimate our "apertura." This is fundamental. Otherwise, we will have social conflicts, as in Venezuela, that will destroy all possibilities of political growth.

[Alvarez] What are your differences with the current government?

[Samper] I would say that they are differences of emphasis, especially insofar as concerns the pace of the "apertura." I do not believe that the development of the processes can be left entirely up to the marketplace. Countries like ours need to maintain a reasonable level of state intervention to invest in works in the social sector, to create employment processes. In this regard,

my emphasis would be on greater participation by the state with a more aggressive social policy.

[Alvarez] But international processes are moving in the opposite direction, reducing state intervention.

[Samper] I would say that there must be greater participation. The state must not give up its instruments. I would maintain some instruments of the state that I consider useful at this stage of the "apertura" process. In the financial area, for example, I believe that the state must guarantee that there be a social credit for the small production entities, and that it must provide backing for high-risk projects. Otherwise, we shall be going into a speculative economy.

[Alvarez] What is your focus in international policy?

[Samper] My focus is based on the recognition of a reality, which is that Colombia will be in the eye of the hurricane of the three phenomena on which world attention will be concentrated over the next several years: human rights, the drug traffic, and the environment.

The international policy platform that I am developing advocates very aggressive action on these three fronts: explain our situation and human rights policy within this context of violence; develop a response to the drug traffic, especially involving the sensitizing of the international community to the need to develop a much more aggressive policy with respect to this phenomenon; and adhere strictly to our commitments on protection of the environment.

[Alvarez] How do you view the situation in Cuba?

[Samper] My position is very clear. I approve of all the measures and efforts being made to foment a political liberalization. But the limit on these international measures must be that they must not cause greater suffering to the Cuban people. Stated in more graphic terms, I approve of all the efforts made to lead the liberalization process in Cuba up to the Torricelli Law, but I do not like this law because it hurts the Cuban people. In other words, the embargo, as it is currently being imposed, should be lifted, because it is hurting the Cuban people, and not the government.

* Commentary Discusses Evaristo Porras Incident

94SM0037A Santa Fe de Bogota EL TIEMPO in Spanish 26 Sep 93 p 5A

[Commentary by Enrique Santos Calderon]

[Text] This country may suffer from amnesia, forgetfulness, insensitivity, or obtuseness, but by God, it cannot forget who Evaristo Porras is. Nor can it forget the sinister role this character played in the chain of events that culminated in the death of Justice Minister Rodrigo Lara Bonilla.

Or perhaps we no longer remember the incident of the check donated by Porras to Lara Bonilla's campaign for

the precise purpose of sparking the debate that was staged in Congress by the friends of Pablo Escobar. It was this incident that prompted the justice minister to attack the drug traffickers on all fronts, which ultimately led to his assassination by the Medellin Cartel.

It was this assassination, nearly 10 years ago now, that began the nightmare of narcoterrorism. That was the first time the mafia had launched an assault at the very top level of the government, and it led to President Betancur's approval of extradition. That, in turn, unleashed the drug traffickers' all-out war against the country's institutions and the press. Why repeat the shocking list of prominent and anonymous citizens who have fallen victim during this black chapter of our recent history?

And there was the brilliant Mr. Porras, an eminent figure of the Liberal Party of Amazonas, microphone in hand, addressing a political rally with Representatives Melquisedec Marin and Rodrigo Turbay Cotes and Senator Jorge Gechem, who warmly welcomed to their rally a man who had been indicted several times for drug trafficking and had served time for illegally transporting weapons.

It is claimed that Evaristo Porras has already paid his debt to society. But that does not say much about our justice system, and in no way can it justify maintaining close political ties with a man of such a shady background.

His record goes back to 1977, when he was arrested on drug trafficking charges in Lima. He managed to escape from there, and in 1986 he was caught by the Administrative Department of Security (DAS) in Cartagena. Again, he mysteriously managed to escape from jail. In 1987, he was arrested in San Andres for illegal possession of weapons. He was released (?) and went to live in Ecuador, but first he had plastic surgery to change his appearance. He was taken into custody once again, this time on charges of illegally transporting weapons and giving false identification, and was sent back to Colombia. He served his time and returned to Leticia, where he is a regular potentate involved in financing political campaigns.

The last one he sponsored was that of Melquisedec Marin, who went to Congress representing Amazonas. Porras also managed to ensure the election of the mayors of the department's two municipal jurisdictions, as well as the majority of the members of both city councils and the department assembly. At present he controls several decentralized institutions in Amazonas (Regional Educational Fund, Colombian Institute for Youth and Sports, the electrification institute, etc.), which have much bigger budgets than the local government does.

This prominent figure, who was also investigated for the murder of journalist Roberto Camacho in Leticia (a case that remains unsolved, as does the assassination of Rodrigo Lara) and has a brother who is in jail in Bogota for cocaine trafficking, is a veritable Liberal patrician in

Amazonas. But now, due to the scandal, he has announced his retirement from politics.

What is scandalous is that he has been so successful at politics that he has bought his way into control of the Liberal Party of Amazonas, and that congressmen such as Marin, Turbay Cote, and Gechen Turbay are seeking the support of someone like Evaristo Porras.

This case represents the first test of the Code of Ethics recently promulgated by Ernesto Samper, whose candidacy was vigorously supported at the event in Leticia. And although it is difficult to prevent or ward off spontaneous support from undesirable people, this incident tarnishes the image of the Samper campaign, and it had better be prepared to deal with more situations like this.

Let us not deceive ourselves. The "dirty money" that Rodrigo Lara and Luis Carlos Galan fought so hard to remove from politics is all over the place. The Amazonas case may be the most flagrant one, but in other departments in this country (Valle, Caqueta, Magdalena, and others), the problem exists to a greater or lesser extent.

It is well known that buying political loyalty and infiltrating parties is the preferred tactic of organized crime—just look at Italy—in its desire to exert influence, guarantee protection, and gain access to the state and to local or regional power centers. It is also a means of legitimization and gaining respectability.

The elimination of parliamentary subsidies and the resultant penury in which many congressional candidates find themselves in their efforts to finance their campaigns make it even easier for drug money to take hold.

Presidential candidates will have to step up their vigilance to make sure their campaigns are not tarnished by this stigma. One might say that this is not a country of angels, and that it is difficult to trace the origin of all the funds that come in or to check the background of everyone who supports the campaign.

It is not so hard if there is a real desire to purify our political practices. And it would be a good idea for the candidates to set an example and eliminate ambiguous situations. In any event, if cases like that of Leticia continue to arise, we cannot complain when the rest of the world says that Colombia is turning into a narcode-mocracy. It is that simple.

Paraguay

Reactions to Plan To Dissolve Congress PY2510181093

[Editorial Report] Asuncion ABC COLOR in Spanish in its 24 and 25 October issues carries several articles on reports of the possible closure of Congress.

In the 24 October issue, a 600-word unattributed report on page 2 covers a "press conference" that lawmakers hosted on 23 October, during which they mentioned "a possible institutional break entailing the 'closure of Congress.'"

The article quotes National Encounter Deputy Luis Alberto Mauro: "The objective of this press conference is to reiterate our opinion that there are pockets of authoritarianism in some sectors of the Colorado Party, the Armed Forces, and the government, which seek to obstruct the democratic process, eliminate this Congress, close this Congress. We call upon good Colorado Party members, good military men, and the public in general to defend our democracy."

In the same issue, a 300-word unattributed report quotes National Encounter Senator Basilio Nikiporoff as saying: "There is a plan to make some Congressmen disappear, eliminating opposition leaders in Congress."

The report adds: "Nikiporoff said he is afraid that if Congress is closed, some people may be murdered, leaving Congress without leaders. The people who are courageously fighting injustice will disappear, and consequently there will be no more opposition."

The report also quotes Authentic Radical Liberal Party Deputy Hermes Rafael Saguier: "There is a concerted program—not only by the government, but also by other political groups—to dissolve Congress and thus sideline the sectors with which the government feels uncomfortable."

The report concludes: "Unfortunately, none of the deputies submitted evidence to confirm what they were reporting."

In the 25 October issue, a 500-word unattributed article on page 2 quotes National Encounter Senator Diego Abente Brun as referring to the reported plan to dissolve Congress. He says: "I believe it is a very serious charge that should not be leveled without truly reliable proof."

The article quotes Abente Brun, referring to the press conference last Saturday: "Abente Brun said that he was invited to the press conference and that the information he was given 'was very general, very vague. There are rumors, comments, which I believe are not enough to level a charge like that.'"

The same article also quotes Febrerista Party Deputy Euclides Acevedo: "The charge is serious, 'but no one has identified the source or given a hint' on the possible closure of Congress. I do not know the origin of that. If I did I would take measures. I do not know the grounds for such a charge."

In the same issue, a 350-word unattributed article on page 3 reports: "Colorado Party Reconciliation Movement Senator Carlos Romero Pereira was asked if he is aware of a destabilization plan, and if people who can be identified have reported the alleged coup against Congress to him or to other lawmakers."

The article quotes Romero Pereira as replying: "No one has reported this. I am not aware of it."

However, Pereira is quoted as concluding: "It is necessary to understand my fellow Congressmen. I believe they are in a difficult situation because they should know exactly what it is all about and who is behind it. The names of those behind it is being kept secret because it is impossible to find any evidence. Obviously, there are destabilizing plans, and what is even more evident is that there is impunity. Whoever attempts to destabilize will pay a very low price. That is why I believe the situation is dangerous."

Peru

Fujimori Discusses Letters From Shining Path's Guzman

PA2610044993 Lima Global de Television Network in Spanish 0100 GMT 26 Oct 93

[Report on interview with Peruvian President Alberto Fujimori by unidentified reporters in Atalaya on 25 October; from the "Direct Line" newscast]

[Text] President Alberto Fujimori has said that the government will not take into account any more letters from Abimael Guzman or make contact with the Shining Path leader until he orders his rebels to lay down their arms and surrender. He has confirmed a meeting between Marta Huatay and Abimael Guzman, after which Huatay expressed her willingness to follow whatever decision Comrade Gonzalo [Guzman's nom de guerre] should make regarding talks with the government.

[Begin recording] [Fujimori] He can write as many letters as he wants. The letter we will publish must be the one in which he calls for an end to terrorism.

[Reporter] Are you working on this?

[Fujimori] Well, that depends on him. All he needs is a pencil and paper, and then to write down that Shining Path is being defeated.

[Reporter] If you receive a third letter from Abimael Guzman, will you visit him?

[Fujimori] No, I will not visit him. I just review the letters and communications. I publish them if it is convenient for society. If not, I put them aside. In any case, I reserve the right to censor them.

[Reporter] Have you put any aside yet?

[Fujimori] I put one thing he wrote aside, but it was not...

[Reporter, interrupting] What does it say?

[Fujimori] I would rather not say.

[Reporter] Are you going to be more harsh following the response, as some call it—namely, Shining Path's latest attacks?

[Fujimori] This was not a response. This type of action aggravates the quote, unquote goodwill the government may have toward Abimael Guzman, as well as the government's disposition. I am not willing to tolerate such senseless things.

[Reporter] Might the government assume a stronger position?

[Fujimori] The government has always been strong, but my position has grown stronger.

[Reporter] Who is leading the Shining Path hardliners, and who ordered the attack at the Crillon Hotel?

[Fujimori] We do not know. Before it was the followers of his former wife Nora, who is dead. There is undoubtedly a left wing and right wing within Shining Path, and, therefore, it could be them. Now, it also is true that there have been desertions following Abimael Guzman's letter. Shining Path apparently has no more prospects.

[Reporter] What does Victor Polay really want by calling for talks with you?

[Fujimori] We do not know what he wants to propose. I repeat, however, that we are in no hurry to talk with Polay, because the Tupac Amaru Revolutionary Movement is almost defeated. Therefore, it would be almost...

[Reporter, interrupting] Has he also sent a letter?

[Fujimori] No, he has not, but he has said he would like to talk.

[Reporter] Will the government send another envoy—perhaps Agent 003 [Fujimori's secret envoy to Guzman]?

[Fujimori] Yes, Agent 003. [end recording]

Third Guzman Letter Received

PA2610034493 Paris AFP in Spanish 0149 GMT 26 Oct 93

[Text] Atalaya, Peru, 25 Oct (AFP)—President Alberto Fujimori on 25 October said Shining Path leader Abimael Guzman, who is serving a life sentence at a Lima prison, has sent him a third letter, but Fujimori added that he has decided to censor the letter and not release it to the public.

"The next Guzman letter that we will make public will only be one that urges his followers to lay down their arms and end all of their terrorist actions," said the president after inaugurating an airport in Atalaya, 600 km east of Lima. Since mid-September, Guzman has written Fujimori at least two letters in which he calls for the establishment of talks to reach a peace agreement that would end the nation's 13 years of civil war.

President Fujimori gave no details about the contents of this third letter, nor did he say when it was sent. Abimael Guzman "can write all the letters he wants, but as president of the Republic, I have the right to censor them and to make public only those that will contribute to expedite the peace process," Fujimori added.

The president reiterated that he is expecting Guzman to urge his followers to stop conducting attacks, such as the one perpetrated on 21 October when a car bomb exploded in downtown Lima, leaving three dead and 50 wounded.

The airport, which he inaugurated in the central jungle and cost \$2.5 million, will be used to "intensify the fight against terrorism and drug trafficking." The decision to build this runway was made after 60 Ashaninka natives were murdered in mid-August when Shining Path members raided half a dozen villages of this ethnic group in the jungle.

The airport is located at a strategic zone of the Amazonian region, from which there is a wide view of the Rio Tambo zone where Shining Path maintains a "red zone."

Fujimori noted that in this region Shining Path "controls a large part of the Ashaninka population," but in less than a year the Armed Forces will eradicate all traces of Shining Path. To achieve this goal, a large-scale military operation will start soon, he added.

Airport Explosion Kills 1; Situation 'Under Control'

PA2610045793 Lima Panamericana de Television
Network in Spanish 0310 GMT 26 Oct 93

[Report by Ana Maria Herrera in Lima; from the "24 Hours" newscast]

[Text] We have more information and footage on the explosion at Jorge Chavez International Airport. [15-second video clip showing damage follows]

[Begin recording] [Herrera] Was it dynamite?

[Unidentified police spokesman] That is correct.

[Herrera] How many people were injured in the attack?

[Spokesman] Only the minibus driver. He was still alive when we found him. We managed to transfer him to a medical facility, where he died. Two guards sustained minor injuries, caused by broken glass from vehicles, aside from the damage that was caused.

[Herrera] Do you have information from inside the airport—or do you rule out that possibility?

[Spokesman] No, there is nothing. Everything is under control...everything is under control. There are no further casualties.

[Herrera] No one else was injured?

[Spokesman] No one else was injured.

[Herrera] Not even minor injuries?

[Spokesmen] There are none.

[Unidentified reporter] There is talk about injured children.

[Spokesman] That is incorrect. No children were injured. Only the vehicles here sustained any damage.

[Reporter] What about the people waiting for their flights in the airport lounge?

[Spokesman] That is the section I was in. People simply were alarmed by the explosion, but they sustained no injuries.

[Herrera] The broken glass injured no one inside the airport?

[Spokesman] It injured no one inside the airport because the broken glass was in the upper area of the international lounge. No one was injured. Everyone is all right.

[Herrera] In any case, do you rule out the possibility of a car bomb?

[Spokesman] The possibility of a car bomb has been ruled out. You have seen the damage caused in the pavement. That is hard evidence which proves it involved a device other than a car bomb.

[Reporter] How big was the device?

[Spokesman] The fact that it was placed under the minibus is another thing. [end recording]

Preliminary reports indicate unidentified persons left a package with approximately 50 kg of dynamite and ANFO [ammonium nitrate fuel oil] under a vehicle. As a result of the explosion, a Crillon Hotel minibus waiting for guests was overturned. The driver, Agustin Mora, was still alive when he was rescued—but he died at San Jose Hospital. Likewise, approximately 15 vehicles located in the international area parking lot sustained serious damage.

Five persons who were inside the international airport terminal sustained minor cuts, caused by pieces of glass from the building's windows—which were broken by the explosion. The injured people immediately received medical attention and ambulances from the General Fire Corps transferred them to different hospitals in the neighboring port of Callao. The injured include two police officers.

[Lima Radio Programas del Peru in Spanish at 0335 GMT on 26 October reports: "Another dead person, as yet unidentified, and three injured persons have arrived at San Jose Hospital, Carmen de la Legua Reynoso District, Callao, following a subversive attack at the international airport," where "terrorists set off a car bomb."]

Shining Path Attacks Lima District Office*PA2610132893 Madrid EFE in Spanish 1204 GMT
26 Oct 93*

[Text] Lima, 26 Oct (EFE)—Alleged members of the Maoist Shining Path group threw an explosive device at a municipal office of Lima's Agustino District today, Tuesday, causing considerable damage but no casualties.

The civil registry office was most seriously affected by the attack as its windows were shattered, its walls cracked, and some documents destroyed.

Houses near the municipal office also reported damage to windows and doors. Agustino District is on the outskirts of Lima.

Fujimori Says No Vote in Referendum Would Mean 'Disaster'*PA2510225093 Paris AFP in Spanish 1853 GMT
23 Oct 93*

[Text] Lima, 23 Oct (AFP)—Peruvian President Alberto Fujimori warned today that it would be "disastrous" for Peru if the "no" vote on the draft constitution wins in the 31 October referendum. The president added that the new constitution contains "important reforms to modernize the country."

Nevertheless, he optimistically told a local radio station that the disaster will not occur because the "yes" vote for the new constitution will win, meaning that "yes" will receive "more than 50 percent of the vote because the people want a change for the country's development."

"It would be disastrous if the 'no' vote wins in the referendum, particularly in the area of investments, because several investments depend on the results of this consultation," the president said emphatically. He added that "there is even some paralysis in the stock exchange, where there is some nervousness."

"If we do not receive these important investments we will not be able to create jobs, and that is the most important thing. If the 'no' vote wins, it would create an insecure climate for these investments," he stated.

He denied that the large amounts of money that New Majority and Change 90, the two ruling political organizations, are spending to promote a "yes" vote come from the state treasury, as claimed by the opposition. The president said "the expenditures" are not so high and that the funds come from private institutions and friends. He did not further identify the sources.

Congressmen Henry Pease of the Democratic Left Movement and Antero Flores of the Popular Christian Party have reported that military authorities "have denied authorization for a march organized by groups that support the 'no' vote that was scheduled to be held in Lima on Wednesday."

Hernando de Soto, president of the Liberty and Democracy Institute [Instituto de Libertad y Democracia—ILD] and a former adviser to President Fujimori, told reporters that the referendum will "only reveal what the political parties think, not what Peruvians really think."

"What we have is a 'yes,' which is acceptance of the constitution drawn up by the government majority, and a 'no,' which is proposed by the opposition. The issue, however, has not really been debated by Peruvians as President Fujimori promised," de Soto added.

Opposition Accuses Government of Turning Down March Request*PA2510181593 Madrid EFE in Spanish 1629 GMT
23 Oct 93*

[Text] Lima, 23 Oct (EFE)—Peru's political opposition has accused the government of turning down a request to hold a march against the new Constitution on 27 October, whereas it is assisting any public demonstration in favor of it.

President Alberto Fujimori stated on 23 October during a Radio Miraflores program that "it would be a disaster" if the "no" vote were to win the referendum, to be held on 31 October, on the new Constitution. Fujimori added that "certain nervousness" is sensed among financial segments, and a "no" victory would discourage major investments, thus preventing the creation of new jobs, one of the aspects that interests the government the most. The president added that if the result of the referendum were 60 to 40 in favor of the "yes" vote, that would indicate the advisability of reviewing the information strategy to show the Peruvian people the benefits of the Constitution.

Opposition Congressmen Henry Pease, of the Democratic Left Movement, and Antero Flores, of the Popular Christian Party, have asked Jaime Yoshiyama, Constituent Democratic Congress (CCD) president, to intercede before the military authorities to authorize the march, which will be peaceful, they say. So far, Yoshiyama has done nothing about their request. The military command has to authorize the march, because Lima is under a state of emergency due to terrorist activities.

According to the norms ruling the 31 October referendum, allowing the Peruvian to vote for or against the new Constitution with a simple "yes" or "no" vote, political parties, coalitions, and groups are authorized to conduct without additional paperwork any kind of publicity campaign to promote their position.

The congressmen added that demonstrations in favor of the "yes" vote, which the government is promoting, have met no opposition, which is why they are asking for the same consideration.

The opposition also announced it will bring this matter to the attention of the OAS observers. There are 30 OAS

observers in different areas of Peru to verify if the referendum is handled normally.

At the same time, the provincial District Attorney's Office seized over 100 copies of the text of the new Constitution, because certain articles were apparently altered. According to Carlos Torres y Torres Lara, CCD first vice president, the articles were altered to encourage the people to vote "no."

In the latest surveys, the "yes" vote leads the voters' preference by a margin of 47 percent, whereas 27 percent disapprove of the new text. These figures go back to 15 October, because from that date on disclosing the result of polls on the referendum is not allowed.

Fujimori also voiced his hope that the "yes" vote will reach 50 percent. "But I am optimistic, and if the null or void votes are counted, the percentage of "yes" votes will be higher," he said.

*** Bustamante on Foreign Investment, Change, Lima Conventions**

94SM0019A Lima EL COMERCIO in Spanish
4 Sep 93 p A6

[Interview with Minister of Industry Alfonso Bustamante y Bustamante; place and date not given: "We Must Manage the Government and the Speed of Changes"]

[Text] Says the head of the Cabinet, Alfonso Bustamante, in outlining the plans and objectives of the Executive Branch.

A Cabinet predominantly made up of businessmen in order to achieve the objective of managing the government and continuing to move forward on three national objectives set forth by the government: pacification, economic stabilization, and structural reform, is the one now headed by Minister of Industry Alfonso Bustamante y Bustamante. In an interview with EL COMERCIO, the brand-new minister attributes special importance to attracting foreign investment, which he says has improved so far this year even if far more is needed. One obstacle is the absence of a constitution reflecting the national reality, a situation he hopes will end after the referendum. In the following interview, the head of the Cabinet also discusses the Lima Convention, Peru's place in the Andean Pact, and how he will "manage" the important job with which he has been entrusted.

[EL COMERCIO] What will the main points of the Cabinet's presentation to the CCD [Democratic Constituent Congress] be?

[Bustamante] First of all, we want to achieve strict compliance with the provisions of the constitution, but we want it to come about rapidly because the makeup of the Cabinet is business- and management-oriented and we are used to making quick decisions.

[EL COMERCIO] Even though business was always well-represented on the Cabinet, its presence is even more conspicuous now. What does this mean?

[Bustamante] I think it has to do with a kind of logic that says we must manage the government. The government needs managers and that is where business comes in. The government has made great efforts in the programs it has undertaken. Its three objectives are pacification, stabilization of the economy, and structural reform. We must manage the speed of change. What I perceive, coming from "the other side of the counter" to occupy a Cabinet post, is that in recent months in particular, the speed of change is enormous.

The country is changing very rapidly in all areas. Response to the program has been very positive, not just domestically, but internationally as well. The world moves very rapidly once we have achieved reintegration into the international financial sphere and once people realize what is happening in Peru, what comparative advantages the country offers, what this signifies in terms of structural reforms and political decisions.

[EL COMERCIO] You mentioned three major objectives: pacification and the stabilization of the economy—both of which are being achieved—but what about structural reforms?

[Bustamante] They are taking place. The principle is to build a small but strong government. We have passed a series of laws that truly promote investment. I think Peru is close to having the best legislation for attracting investments. This has been true of this government since 1990.

[EL COMERCIO] Then what more is needed to make investments start flowing? We have apparently attracted very few.

[Bustamante] No, no, that is not true; they are on the way. For many years and for the past decade, foreign investment in Peru has wavered between \$1.2 and \$1.25 billion. The total this year will be around \$1.9 billion. You cannot say we have no foreign investments. The fact is that it cannot all happen at once; investments must be made slowly. Foreign investors are very cautious. They have to make sure that the right conditions exist, that a climate of confidence exists in the country, that there is popular support for what the government is doing.

[EL COMERCIO] The fact that we finally have a constitution, real democracy in Peru....

[Bustamante] The constitution is the legal, conceptual framework for what the country is. With a section on the economy like the one contained in the 1979 Constitution, we can get nowhere. Obviously, the economic section of this constitution is infinitely better. Consequently, I cannot understand why some people still want to postpone approval of the constitution because this means delaying recovery. Recovery can be achieved in only two ways: either with sound investments resulting

in sound growth or, as in our case, with a fiscal deficit, meaning "inorganic" issuances.

Managed Cabinet

[EL COMERCIO] Getting back to the management question, you have been named the "manager of managers."

[Bustamante] I would say the "coordinator of managers."

[EL COMERCIO] Very well, but the fact is that the Cabinet is an institution which, as such, has apparently functioned very little in recent months. Will there be any change?

[Bustamante] Actually, there is no lack of coordination with the ministers; it does exist. But to try to find out precisely what is accomplished at a Cabinet meeting is a bit like asking the board of directors of a company to divulge its agreements. It all fits into a general policy of the government that is common knowledge. And yet, the times have changed. Peru has gone through a period of great normative production for the precise purpose of making change possible. This has been a period during which the Cabinet has devoted itself to "legal production" during which the ministers have worked closely together, a period devoted to the passage of many laws, a task still not concluded. That is part of the Cabinet's task.

[EL COMERCIO] How often do you meet?

[Bustamante] My intention is to have constant coordination that is a two-way street: individual with the ministers and collective. We have intersectoral committees which, in addition to legal norms, discuss sectoral policies so that the ministers will be informed about what is happening in other sectors and about general policies. That meeting, which I intend to hold once a week in different ministries, precedes the Cabinet meeting that must be held once a week or however often is necessary. It is at that meeting that we shall discuss what has been done in the intersectoral committees and give final approval to provisions.

[EL COMERCIO] When will the recession be over?

[Bustamante] In order for the recession to end, we need investments and they are on the way. There are two ways to end the recession, as I said. Consequently, what we need is investments. When will it end? This year we shall attract some \$600-\$700 million more in investments, 50 percent more than in the past.

[EL COMERCIO] Even if it is artificial, can you give an approximation of how long we shall have to wait?

[Bustamante] I would say that we are taking off. Comparing the figures for July 1993 and July 1992, we see growth of 14 percent. As for inflation, it is no miracle, but we are on the right path considering the previous situation. We have to make corrections, but things are

already in place for the market to function. This is extremely important because the protection extended to certain productive activities meant that the Peruvian people were not free to choose. Now we have the right conditions for the market to function. What we have to do is create jobs. How can we do this? Through investments. We are bent on achieving this. What we want to do is provide the conditions, keep them in place and expand them so that Peru will be respectable.

Lima Convention

[EL COMERCIO] Moving on to another topic, the day you took the oath, you referred to the Lima Conventions, saying they could be perfected. In what areas?

[Bustamante] The main points are arbitration, ownership of the wharf, its administration. It is good to discuss such issues. We must achieve a consensus. Not everyone will agree, but it is important for people to know what it all means.

[EL COMERCIO] What is the aim of the Cabinet, the Executive Branch, on this issue?

[Bustamante] First of all, for people to be informed about what the Lima Convention truly is, how we are doing, what it all achieves. Second, I do not believe that anything is perfect; anything can be perfected.

[EL COMERCIO] So you want to perfect it?

[Bustamante] Well, perfection.... In this country we have legal procedures, let us say, when two countries agree on something, and there are instruments for perfecting it. We were discussing the controversies, for example. They have already been overcome by an agreement based on which, instead of having the president of the United States be the arbiter, we are following a general policy of the United Nations. Second, there is the question of the wharf. People are demanding that the administration be Peruvian. This is simple. It can be achieved via the creation of a Peruvian, clearly Peruvian, company that will manage the wharf and administer the wharf.

[EL COMERCIO] Will the government take any action to perfect the conventions?

[Bustamante] The government may present measures, but right now we are in the phase of letting people know....

[EL COMERCIO] But those measures could be presented.

[Bustamante] Obviously, we shall have to accept reasonable proposals. Now then, I do believe that this is a point to be discussed at length. These are my ideas, but they are not the only ones.

Full Return to Andean Pact

[EL COMERCIO] Moving on to the issue of the Andean Pact, is it true that there will be a full return to it before December?

[Bustamante] What we are doing is evaluating the situation. To put it that way is not evasive; it is a fact. The suitability of continuing the situation or modifying it is a matter of numbers, pure mathematics, not political speculation. We are going to see whether the distortions that generated the decision remain. If so, we shall have to meet with our partners and explain the reasons to them. Whatever the case, we do in fact have to resolve this situation before the end of the year.

[EL COMERCIO] In conclusion, how was this Cabinet, which was such a surprise—apparently even to you—formed?

[Bustamante] Well, you know that it is the president who chooses the ministers. It is a prerogative of the president that he should have people he trusts and he has the means to do so. He has a good eye. I am not saying this about myself, but about the new members, especially those on the Cabinet and those who have left.

*** Foreign Debt of Enterprises Assumed by Government**

94SM0018F Lima EXPRESO in Spanish 9 Sep 93
p A20

[Text]

To Improve Heritage Status Before Sale

Petroperu, Minero Peru, Electroperu, Centromin and Tintaya Will Benefit From the Measure

The Government decided yesterday that it would include the foreign debt of the enterprises to be privatized in the obligations the State will assume in order to facilitate their sale. According to a report of the Commission for the Promotion of Private Investment (COPRI), the firms that will benefit from this decision are Petroperu, Minero Peru, Electroperu, Centromin, and Tintaya, all of which have foreign debts.

The measure was established through a decree of highest level published in the official daily El Peruano, by means of which the decree law 26120, issued on 30 December, was modified.

As will be recalled, it was specified in this ruling that the State would assume the internal obligations that these firms had underwritten with the Government, including those maintained with Sunat [National Tax Administration Superintendency] and Sunad [National Customs Administration Superintendency]. The ruling also specified that other debts to be assumed would be those underwritten by said enterprises with the Banco de la Nacion [National Bank] and with other State enterprises and organizations.

In this sense, the decree issued yesterday broadened the three possibilities mentioned, including among them the total amount owed by these firms to foreign credit institutions.

The principal objective of the ruling, as indicated by government sources, is "to free the enterprises to be privatized from a burden of debt that would prove excessive in effecting their sale."

For this reason it is stated in the decree that the objective of the decision is "to improve the net worth of the firms."

Partial Assumption

Nonetheless, it is explained in this decree that "the objectives pursued do not imply the blanket assumption of the foreign debt of the State enterprises, but rather an evaluation of each enterprise will be made at the time of privatization."

In the selection process it should be considered that the debts mentioned "have the guarantee of the Republic," the decree states.

After the evaluation, the approval of the firms for which the State is assuming obligations will be disclosed via decrees of the highest level countersigned by the Minister of Economy and Finances.

The decree issued yesterday took effect with its publication and will be in force for a period of six months. This will be the interval in which those enterprises whose foreign debts will be assumed by the State must be identified.

It is fitting to point out that this plan can be utilized to facilitate the transfer of the mining enterprises whose privatization is expected to be accomplished in the next few months. Along with this plan, another which is being evaluated by the Government is to permit the use of the foreign debt in the operations of privatization.

*** Foreign Debt Payment of \$1.3 Billion To Be Made in 1994**

94SM0018C Lima LA REPUBLICA in Spanish
16 Sep 93

[Text] *With fiscal resources and foreign indebtedness*

The president of the Budget Committee of the Constituent Congress, Carlos Blanco, stated that in 1994 Peru will pay \$350 million toward foreign debt financed with fiscal resources, while \$950 million will be eliminated with funds originating from foreign debt.

He explained that these \$1,300 million that Peru will pay next year were pledged after an intense process of negotiations with multilateral organizations, governments, and official agencies gathered in the Club of Paris.

Blanco asserted that if the amounts collected next year are insufficient, a rescheduling of the payments will be negotiated with the creditors.

Nonetheless, some economists commented that it will be difficult for the government to obtain the \$950 million

from external sources for payment of the debt, and even more difficult to achieve a rescheduling with the organizations with whom agreements have already been made.

He offered as an example the fact that the United States, one of the countries that, along with Japan, provide major support to Peru, has frozen its support payments because of the attack on an American Air Force plane.

The unilateral limitation of the foreign debt service took place during the administration of former president Alan Garcia, and Peru was left isolated from the international financial system.

However, during the administration of President Fujimori the renegotiation of the foreign debt was started and in 1991 overdue payments to the Interamerican Development Bank were made in the amount of \$400 million.

Afterward this was submitted to a mechanism for the accumulation of rights for 15 months with the International Monetary Fund, through which overdue payments of \$850 million were cleared from the account with this organization, and under a similar system \$950 million were cleared with the World Bank.

* UK Expected To Donate \$5 Million to Peru

94SM0018A Lima EL COMERCIO in Spanish
12 Sep 93 p A12

[Excerpt] The ambassador states that this will materialize within the next few days. The diplomatic representative of Great Britain in Lima, Ambassador Keith Haskell, announced yesterday that within the next few days the British Government will make a gift of five million dollars to Peru, as part of the program of financial assistance proposed last year by the Second Group of Supporting Nations.

He indicated that the British Government will sign an agreement after specifying some details such as the quantity of goods and services that Peru has imported from Great Britain during the first months of the current year. [passage omitted]

* Privatization of 16 Enterprises Detailed

94SM0018D Lima EL COMERCIO in Spanish
13 Sep 93 p B12

[Text]

COPRI Prepares Itself for New Period of Privatizations

The Commission for the Promotion of Private Investment [COPRI] is preparing to start the process that will lead, in October, to the privatization of important enterprises, thus initiating a new stage of sales. Firms such as Minero Peru, Cerro Verde, Petrolera Transoceanica, the subsidiary of the Banco Popular in Bolivia and the

operating modules of Paramonga are being considered for privatization in accordance with the time schedule of the COPRI.

In the following we reveal how the process has been carried out as of 31 August of the current year. So far 16 firms have been privatized and two in part, bringing in \$451,734,460.

Privatized Enterprises

- **Minera Condestable** In the auction that took place in the Lima Securities Exchange (BVL) on 26 May 1992, 2,154,999 shares were sold (80.2 percent of the capital stock). The price was \$.68 per share, yielding a total of US\$1,291,101.
- **Banco de Comercio** In the Lima Securities Exchange (BVL) auction that took place in on 5 June 1992, 1,877,138 shares (59 percent of the capital stock) were sold. The price was \$3.33 per share, yielding a total of US\$5,365,553.
- **Grifos Petro-Peru** Between 23 June and 16 July of 1992 the first round of 11 auctions took place, and a total of 48 filling stations were sold, for US\$26,193,936. The second round of auctions took place between the 21st and 28th of August, selling stations for US\$11,160,406. Finally, on 1 December four stations in the provinces were sold and a total of US\$1,135,934 was obtained. All in all, a total of 78 stations have been sold for US\$38,490,276, and only four remain to be auctioned.
- **Industrias Navales S.A. (INASA)** On 23 July 1992, 117,528 shares (89.352 percent of the capital stock) were auctioned in the BVL. Each share sold for \$5.20, yielding \$923,146, equivalent to US\$738,516. The fisheries syndicate, belonging to the Galsky group, was the successful bidder. Later, in September, this group purchased the remaining 19,725 shares, after the workers decided not to exercise their option to buy for \$102,570 or US\$68,380. The total obtained amounts to US\$806,892.
- **Quimica del Pacifica (Quimpac)** On 24 July 1992, 60 percent of the total shares were auctioned in the BVL. The price per share was \$1.02, yielding a total of \$4,819,038, equivalent to US\$3,855,230. Approximately 7.34 percent of the shares were underwritten by the workers for a total of \$577,799 or US\$405,586. On 11 November the remaining 32.66 percent of the shares were auctioned. On this occasion the price per share was \$1.40, bringing in a total of US\$2,208,993. The total amount obtained by the firm is approximately US\$6.56 million.
- **Buses Enatru-Peru** Between 25 July and 29 August of 1992, five rounds of auctions were held, directed at the workers of ENATRU-PERU. Altogether 452 units, arranged in 65 lots or enterprises, were sold. The amount to be paid by the workers is approximately US\$11.1 million. More than 1,450 workers have become proprietors through these auctions.
- **Compania Peruana de Gas (Solgas)** On 21 August 1992, 84.1 percent of the capital stock of Solgas was auctioned in the BVL. The 693,420 shares were sold

at \$13.48 per share, reaching a total of US\$7,331,217. The workers acquired 33,828 shares for a total of \$274,683, or US\$215,438. Altogether US\$7.5 million were obtained for SOLGAS.

- **Minero-Peru Comercial (Minpeco USA INC)** On 7 December 1992, 100,000 shares of Minpeco Usa Inc. were auctioned in the BVL. Each share, with a nominal value of US\$10, was sold for US\$41, for a total amount of US\$4.1 million. The successful bidder was the Brazilian firm of Ing, belonging to the Kibo group.
- **Empresa Minera de Hierro del Peru (Hiero-Peru)** On 5 November 1992, a bid for 100 percent of the shares was accepted from the Chinese firm Shougang Corporation, which yielded US\$120 million in cash (US\$1.9 million were cancelled by the workers, who acquired 1.6 percent of the shares with their social benefits). In addition, Shougang promised to invest US\$150 million during the next three years and assumed the liabilities of Hierro Peru amounting to US\$41.2 million.
- **Quellaveco (Minero-Peru)** On 19 December 1992, the mining rights to the field were granted to Mantos Blancos—a Chilean subsidiary of the Anglo American Corporation. The total came to US\$12 million, payable in three installments: US\$3.6 million in cash and two annual payments of US\$4.2 million, with an annual interest rate of 6 percent of the balance. It is estimated that Mantos Blancos will invest US\$560 million for the development of the field.
- **Empresa de Transporte Aereo del Peru (Aero-Peru)** On 16 January 1993, the rights were granted to the consortium formed by Aerovias de Mexico S.A., Serminco S.A. and Dora de Papini, which offered US\$54 million for 100 percent of the shares of the firm. After deducting the liabilities, the winning consortium paid US\$23.1 million for 72.15 percent of the shares, while the workers obtained 7.22 percent of the shares for the equivalent of US\$2.3 million. The remaining 20.63 percent will be retained by the State.
- **Reactivos Nacionales S.A. (Renasa)** On 21 January 1993, a total of 849,656 shares divided into 10 lots, equivalent to 93 percent of the capital stock of RENASA, were auctioned in the BVL. The price obtained was US\$3.45 per share, for a total of US\$2,931,313.
- **Petroleos del Mar S.A. (Petromar)** On 24 February 1993, the concession was awarded to Petrotech International Inc., which offered an average royalty of 21.13 percent of the oil and gas recovered during the duration of the concession (30 years). In addition, for the fixed assets, the winning firm will pay US\$200 million through a lease of 20 years.
- **Sudamericana de Fibras (ex Bayer Industrial)** On 23 July 1993, the holdings of the State (1,964,698 shares, equal to 30.14 percent of the capital stock) were auctioned for US\$1,002,000. The shares were awarded to the Uruguayan firm Mittlenwald S.A. (which already had 60 percent of the shares of the enterprise).
- **Empresa Regional de Transporte Urbano de Arequipa**

(ERTUR Arequipa) On 17 August 1993, the buses of ERTUR Arequipa were auctioned. Altogether, 185 workers acquired 63 units (32 operational), arranged in 14 lots, for US\$302,960.

- **Empresa Regional de Transporte Urbano de Trujillo (ERETRU Trujillo)** On 26 August, 1993 an auction of the buses of ERETRU Trujillo took place. One hundred fifty-five workers acquired 68 units (20 operational), arranged in 18 lots, for a total of US\$189,521.

Partial Privatizations

- **Corporacion Peruana de Aeropuertos y Aviacion Comercial S.A. [Peruvian Corporation for Airports and Commercial Aviation, Inc.] (Corpac)** On 16 June 1993, the concession for the parking area of the Jorge Chavez International Airport was granted for a period of six years. Inversiones Angela S.A., the winning firm, will remit to CORPAC 65 percent of the income (not including the IGV [general sales tax]), and will make investments of US\$535,000 in the first five years of the concession grant.
- **Empresa Comercializadora de Alimentos S.A. (Ecasa)** On 22 July 1993, the warehouse of Santa Anita (the most important asset of Ecasa) was sold to SUNAD [National Customs Administration Superintendency]. The price of the transaction was US\$14,663,059.

*** Short-Term Agenda for Privatizations Discussed**
94SM0018E Lima EXPRESO in Spanish 9 Sep 93
p A20

[Text]

Director of COPRI Denies Retardation

Next firms to be sold are Petrolera Transoceanica and Cerro Verde

Carlos Montoya, the executive director of the Committee for the Promotion of Private Investment (COPRI), stated yesterday that the process of privatization of government enterprises is on the fast track and has not for one moment lost its aggressiveness.

The declarations of Montoya were made on the day after the president of the Council of Ministers, Alfonso Bustamante, observed that the process of privatization was going slowly, although he indicated that there would soon be "surprises."

Carlos Montoya explained that each process of privatization has its own dynamics and requires a different tempo. These considerations have been taken into account in the development of the time schedule for privatization by the Special Committees.

According to the official, on 12 October the bidders for the shipping company Petrolera Transoceanica will submit their economic proposals and on the 20th of the same month the winner will be announced. He also declared that the copper-producing complex of Cerro

Verde will be sold on 13 October and on the following day the first module of Paramonga (the container plant Sanmarti) will be auctioned. On 15 October the same will be done with the conversion plant of Papel Lima.

Concerning Petrolera Transoceanica, he said that the public auction—which will be held for the second time—will consist of a mixed system, that is to say, either the entire block of shares in the firm may be transferred or the four principal ships or units owned by the company may be sold separately.

In the case of Cerro Verde S.A., a subsidiary of Minero Peru, he stated that two elements would be evaluated in making the sale: the price at which it would be transferred to the private sector and the promise of future investment. With this latter condition, the development of the firm will be guaranteed, initiating a second productive phase, in view of the fact that its reserves are even now in process of exhaustion.

Firms To Be Privatized (October-December 1993)

Cementos Yura	November
Reaseguradora P.	October-November
Centromin	December
Mina Mishi	Indefinite
Interbanc	December
Electrolima	December
Transoceanica	October
Cerper	October
CPT y Enel	December
Ref. Cobre Ilo	November
Complejo Agroindus. del Chao	October
Paramonga	October
Corpac (Duty Free)	November
Cementos Lima	November
Banco Popular Boliv.	December
Pescaperu	December
Interbanc	December
Cerro Verde	October

Source: COPRI

* Conditions for, Prospects of, Economic Growth Discussed

94SM0017A Lima DEBATE in Spanish XVI No 73, Jun/Aug 93 pp 18-21

[Article by Felipe Ortiz de Zevallos, editor/founder of DEBATE: "Third Year of Fujishock: Optimism Is Fragile"]

[Text] The Peruvian economy has already overcome the hyperinflationary chaos that led to the irresponsible and vain interventionism of the previous government. Most of the economy is still in recession, but there are a few

pockets that are beginning to show signs of recovery. The markets are developing in a much more realistic and orderly context, without absurd subsidies or prohibitions. For this reason, the decisions made by consumers and investors are more coherent and beneficial for all of society. The allocation of resources has become much more efficient and consistent. On the other hand, in the medium term, the structural deficit in the balance of payments still hangs like the sword of Damocles over foreign trade and financial relations, significantly limiting the amount of leeway available for operating independently of the prevailing philosophy in multilateral financial organizations, especially the World Bank and the IMF. These, in turn, are very much interested in making Peru a success, so that it can serve as an example for the former Soviet republics, among others. On the issue of the private debt, however, the negotiations have stalled because the Peruvian Government has not taken any clear positions.

Peru's economy is second only to Cuba's among the most closed, interventionist, and regulated economies of Latin America in 1993. Despite the trauma that the coup of 5 April produced in the country's institutional life, today the normative framework is more conducive to productivity, savings, and investment than it has been in decades. Many of the errors that began to take root in economic policy in the 1960's have been curbed drastically, at least on paper. Totally eradicating them in reality may take some time. For example, the land market is now free...according to the regulations. But since only 10 percent of arable land is held by owners with clear title, it will be difficult to restore dynamism to the farm sector. In addition to the government's neglect of important administrative matters like this, there is the obstacle posed by the vestiges of a colonial bureaucratic culture, in which seals are still worth more than someone's word of honor, and control is more important than confidence.

Changing customs and reality takes much longer than changing regulations. But it is encouraging to note that there is little argument with the logic of these reforms. There is criticism, to be sure, of the sequence and the magnitude of the opening of one market or another, of the surreptitious mercantilism with which some measures are being administered, of the government's lack of human resources with enough initiative, motivation, and capacity to implement proposals, which sometimes remain on the drawing boards. But in the majority of cases, the debate concerns how and when the economic reforms are carried out. Not many question whether they are reasonable or appropriate. When possible political compromises were being studied in the wake of the 5 April coup, important analysts of the left even proposed a multiparty cabinet...keeping Carlos Bolona as economy minister! And a few weeks ago, none other than Javier Diez Canseco stated on the "En Directo" television program that he would be willing to follow the bourgeois rules of a social market economy. Furthermore, it is hard to identify, in the generation that followed Diez

Canseco, a political leader who will admit to being a leftist. Although some socialist ideas—equal opportunity, the social safety net—may still contribute significantly to the national agenda, few will espouse them or defend them today with conviction, modernity, and lucidity.

A few months ago, the chief executive of a major Latin American multinational corporation passed through Peru on a private flight. During a stopover, he spent a few hours gathering information on the economy and particular investment opportunities. He had arranged in advance for a brief meeting with me to ask me some specific questions. I was surprised when, as I sat in my office, ready to provide answers to the usual questions foreigners ask about Peruvian markets or Peru's macroeconomy, he said to me: "Do not give me statistics. My people have already gathered what we need to make our decision. All I want you to do is take the time, however long you like, to answer two questions for me: First, how much would Peru's economic policy change if President Fujimori died or there were a military coup?" After a long silence, I answered: "Very little." If Alan Garcia's government accomplished anything, it was to spark a widespread realization that with respect to the economy, it was necessary to undo the harm that had been done to make up for lost time.

For this reason, although the new draft constitution does not generate a lot of enthusiasm because of problems of leadership and the majority's unwillingness to reach a broader consensus, the criteria having to do with the way markets function and state intervention might not change even if there were a subsequent revision. It is the political issues—governability, decentralization, the balance of power among the branches of government, reelection—that are arousing the most suspicion and resistance.

Although the qualitative progress on regulations governing economic activity has been significant, the results of the battle against inflation have been mediocre: 45 percent is a very high inflation rate for the third year of a stabilization program. Attempts to limit the printing of currency and improve the exchange rate—conflicting goals as it is—were, until very recently, managed with little coordination or persistence. The dollarization process has been on the increase. Financial intermediation is still limited, and the heavy portfolio is quite significant. Now, after 15 years of successive failures, even these mediocre achievements—in the economy, as well as in soccer—have the flavor of victory. Brazil, Uruguay, and Ecuador are worse off today than Peru. Yet we have a long way to go to achieve the relative stability of countries such as Bolivia and Colombia, not to mention Chile or Mexico.

Our reentry into the world of finance and the successes we have had against the subversives—the principal accomplishment of this government—have partially made up for the bad impression we have made on the world as a result of the breakdown of constitutional

order and the clumsy handling of incidents such as the recent one in La Cantuta. The restructuring and strengthening of the weak, fragile Peruvian institutional system—political parties, judiciary, Foreign Ministry, etc.—required delicate and prudent surgery, rather than the demolition to which it has been subjected constantly by an administration that does not offer any better alternatives. The populist state model that had been in place since the 1930's has entered a terminal crisis, but the vision of what future development objectives might be has yet to take shape. Nevertheless, most Peruvians feel optimistic about the future, believing that the country "is making progress." And some foreign investors feel the same way. The Lima Stock Exchange was the second most profitable in the world in 1992, and the commercial debt on the secondary market, which cost US\$0.05 three years ago, is priced today at more than US\$0.30, an excessive amount if you look carefully at Peru's real ability to pay private banks. All of this proves that, although in the areas of democratization and human rights the country is still, unnecessarily, giving the world cause for serious concern, it is nevertheless emerging as an attractive market for foreign investment. Privatization, for example, has advanced with less ideological resistance than in other places.

The ultimate success of the stabilization program—achieving inflation rates similar to those of Peru's trading partners—will depend primarily on whether it can collect enough tax revenues—not less than 15 percent of GDP—with a tax structure that is competitive with those of our neighbors. In this regard, for example, the last few months have not shown a very favorable trend. Making progress on the aforementioned objective would multiply the benefits obtained in other areas, from administrative simplification to reentry into the financial world. But if the government relaxes fiscal discipline, any isolated improvement it achieves will be partial and reversible in the face of the frustration generated by a government that is incapable of attaining minimal efficiency so that it can collect more taxes, spend revenues better, and give society a sense of order and stability in the medium term. Perhaps the only objective President Alberto Fujimori should set for 1995, in addition to eradicating subversion, is increasing revenue collections to 15 percent of GDP.

In the succeeding years, the Peruvian economy will very likely perform better than it has in the last three years, but only marginally. Production will rise while inflation declines. The adjustment of businesses will begin to bear fruit in terms of productivity and international competitiveness. The AFP's [Administration for Pension Funds] will bring a breath of modernity to the capital market. Public spending will increase in the basic infrastructure and in projects to alleviate extreme poverty. Small businesses will continue to identify the competitive advantages of the Peru of tomorrow, and their importance will become increasingly obvious.

But to grow beyond 1995, affirm social cohesion, effectively pacify the country, institute the rule of law in a

way that inspires confidence and promotes investment and risk-taking, additional conditions must be met. Eliminating the evils of the present, though laudable, is always easier than planting the seeds of good that will be harvested by others in the future. Once we have gotten off the wrong course, we must reorient ourselves. After three economy ministers, it is clear that the person in charge of setting the government's course is the president himself. So far, Peruvians have mostly approved his efforts because his government has been able to propose realistic solutions, though not necessarily the best ones, rather than making absurd promises like so many traditional politicians. But to correct errors and put our house in order takes courage, decisiveness, rationality, good will, and luck, all attributes that President Fujimori possesses. In addition, to bring about a better Peru, we also need an efficient government that is more decentralized and participatory and more sensitive to the people's demands, and an effective and honest judiciary. These objectives are not easy to attain with the president's authoritarian, mistrustful, phlegmatic style. Could it be that Peruvians have intuitively realized this, and that is why more of them approve of his performance than support his reelection?

The Latin American executive to whom I referred earlier asked me a second question: "Taking into consideration all aspects of the situation, are you optimistic about Peru's future?" I could not respond immediately to that question, either. In the last three years, we Peruvians have lived through an accelerated succession of developments that have left us perplexed, without answers to some fundamental questions. Is the net result of these events positive or negative for the Peruvian economy? Will Peru find in a pragmatic neoliberal orthodoxy the development it could not achieve with Velasco's state interventionism or Garcia's irrational voluntarism? Will Peruvians' welfare continue to suffer? Will we come closer to joining the poorest 20 percent of the world population, who have only US\$1 per day to live on?

First, I should note that in spite of all the obstacles and challenges, development is still possible. England, the United States, and Japan took more than three decades to double their per capita income during the Industrial Revolution. Turkey doubled its average income in 20 years (1957-77), Korea did it in 11 years (1966-77), China in 10 years (1977-87). In Southeast Asia, the percentage of the population living in abject poverty has fallen from one-third of the total population in 1970 to one-tenth in 1990.

What would Peru require to attain a good growth rate? In the first place, peace. No country has been able to develop without sociopolitical stability. The other two basic requirements are: an autonomous elite and state intervention to manage the macroeconomy adequately, promote business competitiveness, and complement the functioning of the markets instead of trying to replace them. This action is particularly important in investment in human capital—education and health—and in

the basic infrastructure, sectors where there are benefits beyond those reaped by private investors.

Foreign aid is useful for development, but it does not replace the above requirements. Africa has received much more foreign aid than Asia in the last 30 years, and it has developed less, because there have been wars, because its elite has displayed a lack of leadership, and because state intervention became too controlling and assistance-oriented.

Will Peru be a peaceful country in the year 2000? Will its changing elite have a clearer orientation, a more effective and autonomous *modus operandi*? Will the state intervene for the good of all rather than hindering individual initiative at every opportunity? When the answer to these three questions is yes, we will have begun our journey to development. For now, the optimism is fragile.

Fisheries Industry Makes Strong Comeback

94SM0018B Lima LA REPUBLICA in Spanish
16 Sep 93 p 2

[Text] SANTIAGO, 16 (UPI)—The United Nations Economic Commission for Latin America and the Caribbean [ECLA] announced today in a report on regional conditions that the Peruvian economy experienced a 4 percent increase in the first half of the year, on recovering from the recession that had affected it since August 1992.

The ECLA adds that starting last March the annual inflation rate has declined, as it reached 48 percent in August "on the basis of the maintenance of fiscal equilibrium and a gradual decline in the exchange rate, in a scenario characterized by the abundance of foreign resources."

At the end of July, the total reserves reached \$2,470 million, "a figure equivalent to more than six months of imported goods," according to the UN Commission.

The ECLA states that on an international level the formation of the second supporting group, which permitted the refinancing of Peru's outstanding debts to the International Monetary Fund [IMF] and the World Bank, represented an important advance. This was followed immediately by the approval of the program of extended facility of the International Monetary Fund and the negotiations culminated with the Club of Paris.

According to ECLA figures, the current account of the nonfinancial public sector showed a surplus equal to 4 percent of the Gross Domestic Product.

It adds that "almost all the sectors contributed to the recovery in productive activity that began in the second trimester, particularly the fishing industry, which, in expanding by 51 percent compared to the same period in 1992, recovered from the collapse brought on by the climatic phenomenon of El Nino."

"The problems of energy supply" were also overcome, and the extraction of petroleum from the new wells in the forested northern region of the country was outstanding.

The ECLA affirms that there was an inflationary decline resulting from the readjustment of prices of services such as electricity and telephones and of fuel to values lower than the actual increases. The average monthly increase between May and August was 2.5 percent, and the cumulative inflation in eight months reached 30 percent.

In regard to structural reforms, the government of President Alfredo Fujimori continued with the privatization process, especially in the areas of the administration of pension funds, mining, and fishing.

* Opposition Parties' Strategy Options Examined

94SM0017B Lima DEBATE in Spanish XVI No 73,
Jun/Aug 93 pp 22-25

[Guest commentaries by former Unified Mariateguista Party leader Santiago Pedraglio and former deputy from La Libertad Enrique Gherzi: "Lessons for the Parties"]

[Text] Two years away from the end of his term, Alberto Fujimori seems to have all the cards he needs to win if he wants this honorable post again. His popularity ratings, as well as the fact that there is no rival of any consequence in the ranks of the opposition, will help him attain that objective. A lot can happen in two years, as Alan Garcia and Fernando Belaunde can attest. DEBATE asked Enrique Gherzi, former deputy from La Libertad, and Santiago Pedraglio, former leader of the Mariateguist Unified Party (PUM), to express their ideas on the options available to the opposition to defeat Alberto Fujimori at the polls.

From Merlin to Popovic

By Santiago Pedraglio, sociologist and journalist,
assistant editor of the magazine SI

"The country faces innumerable options." "The political future is practically unpredictable." "The political variables have an uncontrollable dynamic today." ...Many phrases like this could be uttered, but in any case the paragraph would have to conclude by saying, "Nevertheless, we have to get out the crystal ball and give it a try." So, having made the commitment, here we go.

But before removing the black cloth that covers the famous ball, we must warn that the lack of institutionalism and the growth of the role of personalities, gestures, and images make the balance of power more ephemeral and predictions of future scenarios more problematic. Now:

Taking a Look

The main variable is whether Fujimori prevails with his constitution, wins the referendum, and runs again in the

1995 elections. If he does, and if he gets five or 10 more years, the outcome is unpredictable.

Within this first great option there are countless other options. There is no doubt, however, that if they all have anything in common it is the fact that the continuation of Fujimorism will depend on the intelligence service, part of the military hierarchy (particularly in the Army), and the popularity of the chief of state. This is the essence of Fujimori's power scheme. Everything else can, at one time or another, be sacrificed.

That was why Hurtado Miller left, first, and then Bolona. Similarly, top-ranking military officials in all three branches may be forced into retirement. Something similar is happening in international relations—diplomatic as well as economic—which may grow chillier as a result of a presidential outburst, if the powers that be deem it appropriate, at a very high cost to the country.

If Fujimori's popularity plummets at any time, or if there is any weakening of his ties with Vladimiro and part of the military hierarchy, today led by General Nicolas Hermoza, Fujimori's scheme could fall apart. That is why Mr. Fujimori is openly and passionately defending these two men, who are key players in his government. Neither Yoshiyama nor Bolona nor Chavez has merited such careful attention, and they never will.

That is also why appeals to modify the power structure, coming from close allies of the government such as the daily EXPRESO, have fallen on deaf ears.

It would be very difficult for this policy, buttressed as it is by the aforementioned triumvirate, to fall apart as a result of an economic crisis of even greater magnitude. The political action of the protagonists will apparently be the deciding factor.

What Could Cause This To Change?

An initial possibility is that whatever effort is made to oppose the new draft constitution will give rise to a democratic movement that will bring together independent sectors in the capital and the provinces as well as some parties that are willing to try forming a broad front as an opposition alternative.

The Democratic Forum and efforts to establish "Committees for a No Vote," as embryonic as they still are, are following this course, as are those in the provinces who are organizing fronts to protest the elimination of their regions.

The next step, if these groups mature—together or separately—would be for them to try to become a democratic alternative to the government. They would probably try to follow a course similar to that pursued by the Coalition [Concertacion] in Chile, *mutatis mutandis*.

Another option would be for the political organizations of the opposition to pursue their agendas separately: for Popular Action (AP) to try to win on its own in 1995; for

the American Popular Revolutionary Alliance (APRA) to operate on its own as well, with an eye on the year 2000; and for the Popular Christian Party (PPC), the Democratic Left Movement (MDI), or Solidarity and Democracy (SODE) to strive, within the Democratic Constituent Congress (CCD), to become the spearhead of the opposition and project a national leadership.

There are other variables at play, such as those of Daniel Estrada and Carlos Bolona. Both want to emerge as new options, but with considerably different content: one, with a markedly provincial leadership, advocating a new nationalism; and the other, of cosmopolitan origin, pursuing a Westernizing liberalism. One point they have in common, however, is their desire to appear to have no commitments to the parties, and the eminently personal orientation of their programs. Something similar might happen, if they were so inclined, with Ricardo Belmont and Luis Caceres.

The possibility of a coup staged by anti-Fujimori sectors of the military cannot be ruled out, although in the immediate term it appears less likely because of the purges that have taken place. A development of this magnitude would alter the picture. One could venture to say, however, that in such a case the coup backers would most likely revert to the Constitution of 1979 and call general elections. The big problem would be whether the government emerging from those elections would have enough strength to guarantee stability.

One protagonist that cannot be ignored, no matter how weak it may be right now, is Shining Path. It remains to be seen, although several signs point in that direction, whether the blows it has suffered in the last year have defeated it strategically, even though it retains its operational capacity. In any case, it will still be a force to be reckoned with, and through large-scale terrorist actions, it could indirectly strengthen or weaken the key players.

In Short....

All indications are that, at least in the next two years, Fujimori will still have the ball. The opposition teams are working out their strategies for taking the ball away from him. Two scenarios are already taking shape: one that tries to ignore what has happened since 5 April and reconstruct the previous situation, and another that tries to redraw the lines on the field and change the rules that have been in place since the 1980's.

Within the latter alternative there are, in turn, two variables: one, those who advocate a broad, collective play that would use players from a variety of teams; and the other, those who want to set up their own team with one star player.

At any rate, Peruvian politics is like Popovic's management: Although we all keep carping about it, we still think it can improve. Is it symptomatic that we always end up talking about soccer?

The Manuel Prado Equation

By Enrique Gherzi, attorney and former deputy representing La Libertad

The most important ideologue in Peru this century was not Mariategui or Haya de la Torre, much less Riva Agüero or Belaunde; it was Major General Manuel Morla Concha, military theoretician and inventor of the contemporary coup d'état.

A direct disciple of the French legionnaires who reorganized the Peruvian Army between 1896 and 1940, Morla Concha wrote a series of treatises in an attempt to adapt the colonial ideas of French Algeria to Peru's situation. In these tracts, he advocated a professionalism based on the social role of the Armed Forces.

This role was characterized by the application of military solutions to national problems, and by a mistrust of civilian politicians. It involved, consequently, a "civilizing" mission among the populace through civic action and obligatory military service.

In practice, this proposal linked national development to internal security through the will of the state and the control and mobilization of civilian society.

Directly or indirectly, these ideas have inspired all military regimes since the 1930's, to the extent that they have become the most persistent ideological pattern in our republican history. Since 5 April 1992, the Fujimori regime has been no exception to this rule.

From a historical perspective, then, Fujimori is a continuation of traditional militarism by other means. After the Revolution of 1895, Pierola defeated the military, and they had to wait until Leguía came along to return to government; in that same manner, after the failure of the Peruvian Revolution (1968-1980), the military has had to wait for Fujimori to regain political power.

As a consequence, to analyze the possible scenarios that will emerge for the political parties in the coming years, we must start with a fundamental premise: The Armed Forces in Peru are not institutions that respond to democratic society; they have their own plans and projects. Fujimori, for the time being, is one of them.

The options available to the political parties should be viewed in conjunction with two important events: the referendum and the reelection.

The main problem with these two events is that the political agenda is set by the government and not the parties. Consequently, the government has the initiative in choosing the issues to be dealt with and the methods to be used in the confrontation.

With regard to the referendum, Fujimori has already seized the initiative, forcing the parties to define their position in negative terms. Their only recourse would be to join together, following the example of the Chilean Coalition.

The government obviously knows this. That is why it will set up a referendum that the opposition coalition will never be able to win. It will undoubtedly limit the referendum to a few constitutional issues on which it is sure to win a resounding victory, such as the death penalty, and link them to other, weaker issues such as reelection, to win on all fronts.

What the government definitely will not do is submit the entire constitution to a referendum, because in that context it would give the opposition a chance to promote a broader coalition of the different interests affected by the new constitution.

The second political event is the reelection. In this case, the options are also conditioned by the political agenda, which, as we have said, is controlled by the government. For this reason, the question is not just whether there will be reelection, but also whether the second round of voting will be maintained. An election with just one round of voting, like the Costa Rican model, or with a second round in Congress, like the Bolivian model, gives Fujimori the advantage. In a classic model with a second round of voting, he might have more problems, because without an explicit alliance, whoever is his rival could attract all of the opposition votes.

With the issues thus defined, the options available to the political parties would be to form a coalition to run a single candidate; to overtly or covertly support an independent candidate; to run several candidates, splitting up between an opposition party alliance and a CCD party alliance; or to scatter into many different candidacies.

No matter what alternative is chosen, nothing seems to me more important than understanding that the military's plans are independent of Fujimori, since they respond to a historical institutional structure. The phraseology that was used in the 1970s was leftist; that of today is rightist. But the power scheme is the same. The difference is that now the model is successful, even if only in people's opinion. This makes it very difficult for a political organization today to challenge the Armed Forces without their consent.

In conclusion, the task of the political parties is to support, openly or secretly, a candidate of their own or another candidate who, being as compatible as possible with the military's plans, will guarantee more democratic inroads than we have been able to make thus far. Manuel Prado managed to do it twice.

Venezuela

New Generation Candidate Views Value-Added Tax

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[Interview with Jose Antonio Cova, New Generation Movement, NGD, and independent sectors' presidential

hopeful, by reporter Alfredo Palacios at the Caracas television studio; from "The News" newscast—live]

[Text] [Palacios] Good afternoon, Mr. Candidate.

[Cova] Good afternoon. Thank you for the invitation to this program, which is so widely viewed throughout the country.

[Palacios] Thank you. One of the problems adversely affecting the nation's economy is the fiscal deficit. The value-added tax [VAT] is being applied in an attempt to compensate this fiscal deficit. What is your opinion on this issue?

[Cova] I have already expressed my opinion to President Velasquez both publicly and privately; in my opinion, Congress is responsible for this VAT; that is, a Congress that did not want to assume its responsibility due to the political cost. For four years we in Venezuela have been under the threat of the VAT being levied, but it was not until the president was granted powers to decree laws, through special measures, that they decided to include the VAT. In this way the responsibility fell on President Velasquez.

[Palacios] When you speak of Congress there are many political forces.

[Cova] Yes, but in Congress there are not many political forces, because 83 percent of Congress is run by the Democratic Action and the Christian Democratic Parties. What did these two parties do, knowing that this had a political cost? They did not approve the VAT during four years. They did not even bother—although they have said they did—to draw up through international counseling, a valid mechanism. What they did is present a VAT that not even the government knows what it is all about. That is the catastrophe we are living. The people do not know what the VAT is. For example....

[Palacios, interrupting] You say that the government does not know what it is, but in any case....

[Cova, interrupting] If it knew what the VAT was, they would explain it to us. They cannot explain it. So that you have an idea of what is going on, let me tell you that currently the government is charging the VAT to importers, producers, and wholesale merchants, a charge that amounts to around 30 percent, correct? Who pays for all of this—the final consumer. Is it fair for the....

[Palacios, interrupting] [Words indistinct] like this, because Congress decided that this should be applied in two phases.

[Cova] No. If Congress had acted responsibly it would have approved the tax. They had enough time to do so during four years, but this had a political cost. Because this had a political cost they passed it on to President Velasquez. Had I been President Velasquez I would have told them: Let's leave the VAT problem to the new president, the new government, and the new Congress. Instead, in a hurried fashion they deemed that the

nation—which is going through an economic crisis—and the people continue paying for this government's lawlessness, embezzlement, and bad administration. If there is a fiscal deficit, it is not the people's fault....

[Palacios, interrupting] What could be done to resolve this deficit?

[Cova] Public spending must be reduced; the national budget must be reorganized; bureaucracy must be reduced. Thousands of things could be done. The problem is that the political parties with a majority....

[Palacios, interrupting] Fire public workers.

[Cova] Of course. I am not afraid to say this; of course, they cannot be dismissed without their compensations being paid. But then one would ask, how do we pay these compensations? There are mechanisms. My government program considers these mechanisms. I am going to give you an advance, because it will be made public at the beginning of November. In my opinion, one third of public employees are not needed; this number could be higher, but I will try to keep it down to one third. We have 1.4 million public employees. We are talking about 400,000 workers. They would be advised that their compensations would be paid double, as they are being dismissed; certainly, they will be paid double the amount. They would be told that they will collect this compensation, and the state in turn would pay as follows in its capacity as prince [principe] [as heard]; that is, the state. In public finance this is called the state's capacity as prince. What does the state do? It pays this compensation every fortnight, for six months, to others for one year, and still to others for two years.

[Palacios] Where will this human mass wind up?

[Cova] That human mass will continue receiving its salary for six months, others for one year, still others for 18 months or two years. What does that mean? Well it gives them an opportunity to look for another job without going hungry. The state does not want to put people out on the streets to become criminals. That is not the idea. We would be giving them the opportunity to reorganize their lives, to become part of the nation's development within a development policy. This policy is also in the government program [words indistinct], the unity of a sensible, orderly, qualified, professional government composed of socially conscious businessmen [words indistinct]. What is a socially conscious businessman? The businessmen know that under my administration—and I have told them this privately and publicly—that I will not allow monopolies, oligopolies, or cartels. Meanwhile, the hard-working people—not those loafers to whom the paternalist state gives everything; I am talking about hard working people who get up at 0530 to go to work and do not return home until late at night. They get home very late at night not because they want to but because public transportation does not work adequately.

[Palacios] Don't you fear that voters will not listen to you because you have taken up very serious issues with....

[Cova, interrupting] I am offering solutions.

[Palacios] You are offering solutions that are serious for both the workers and the business sector. Do you not fear that this has too high of a political price to pay, according to what....

[Cova, interrupting] No, I do not. The hard-working Venezuelans, who are the majority...[pauses] there is no country in the world where the workers get up earlier and go home later. These are hard-working people. For the past 33 years they have made us believe that we are incompetent, unqualified, and productive. That is totally false. My law firm employs several people. I can tell you that I am happy with my employees. The business sector should be satisfied with their employees.

[Palacios] Let's move on to another issue. The polls indicate that only four candidates have any chance of winning. We call these presidential candidates the quadruplets. What is your position in these polls? Do these results disturb you?

[Cova] There are 17 candidates, where....

[Palacios, interrupting] There are 18 candidates.

[Cova] That is right, 18. There is one more, a lady. I believe. I do not know her. Of these 18 candidates, four are part of the establishment. Why do I say the establishment? One of the other 14 presidential candidates said to me the other day: The four are cattle rustlers [cuatreros; a play on words]. I said that term was very hard to use on television because it gives another impression. No, he told me, not at all. They are cattle rustlers because they use one tool, and the only thing that changes is the brand. These four persons do not represent anything but more of the same. They are not presenting the nation with anything new. They do not offer any solutions. I would appreciate it if you would ask them when they come here: How are you going to make the change? I am going to reply to this question [words indistinct] You asked me how was I going to reduce public spending.

[Palacios] You said by reducing the number of government workers, reordering the....

[Cova, interrupting] I have given you solutions. These gentlemen do not....

[Palacios, interrupting] Our time is almost up. Do you think you have any possibility of moving up in the polls?

[Cova] I have always believed in work. I have been successful in my career as a result of my work. I know people who have become successful by working. I am currently engaged in the political electoral campaign. I will continue working on this. In the end, on election day we will know if I am successful or not. I do want to remind the nation that what has happened to these

candidates could happen to me; that is, in Peru with the American Popular Revolutionary Alliance's Alan Garcia, and to the famous Peruvian intellectual [Mario Vargas Llosa]. In his [Vargas Llosa's] last book, he said that 10 days before the elections he did not know who Fujimori was. I would like them to continue ignoring me and letting me continue visiting the countryside as I am doing, addressing the nation as I am doing. Work has results, and I am certain I will get results.

[Cova] Well, we will wait for 5 December to see what happens. Thank you for being with us.

Defense Minister Meets With National Guard Generals

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21 Oct 93 p D-12

[Article by Jesus Eduardo Brando]

[Text] Vice Admiral Radames Munoz Leon, defense minister, met with National Guard [GN] generals to receive detailed information on the internal situation of the armed institution, its requirements, evaluations, results, and statistics of those cases that are of particular interest to the Armed Forces' representative of the presidential Cabinet.

In addition to the defense minister, the GN was represented by its commanding general, Pedro Romero Farias, top GN military commanders, commanders of the larger units, and those who hold administrative posts within or outside the institution.

It was learned that Munoz requested information on the drug-trafficking investigations in Tachira, Zulia, Merida, Barinas, Lara, Carabobo, and Caracas. This is one of the issues that is of top interest to the minister.

The 11 New Units

During his speech, Commander Romero Farias mentioned "the need for support detachments, which was timely foreseen by the previous chief. He responded to the request of these detachments rationally, as can be

seen in the Caribbean Plan III [1990-94], which makes up the activation project detachments of the enlisted and of support in each Regional Command."

Previously, as part of the ceremony, Gen. Romero Farias delivered the new GN unit banners to Colonel Edgar Chirinos Navas, as well as to the support detachments, the various commands, and their respective commanding generals.

Unit numbers: 2) Support Detachment to the Logistical Command, headed by General Jose Heriberto Salazar Heredia; 3) Support Detachment to the Schools Command, commanded by General Luis Gonzalez Hernandez; 10) Support Detachment to Regional Command [Comando Regional] (Core) 1, with jurisdiction in the states of Tachira, Barinas, Merida, and Trujillo, commanded by General German Valera Araque.

Unit numbers: 11) Support Detachment to Core-2 (Carabobo, Guarico, Cojedes, and part of Barinas, commanded by General Luis Alfredo Espinoza Flores; 30) Support Detachment to Core-3 (Zulia), commanded by General Jesus Antonio Rojas Salazar; 40) Support Detachment to Core-4 (Lara, Falcon, Portuguesa, and Yaracuy), commanded by General Euclides Rojas Martinez; 50) Support Detachment to Core-5 (Federal District and Miranda State) commanded by General Vinicio Barrios Puche; 60) Support Detachment to Core-6 (Apure and Amazonas), commanded by General Luis G. Rangel Parra; 70) Support Detachment to Core-7 (Anzoategui, Monagas, Sucre, and Nueva Esparta) commanded by General Miguel Antonio Aparicio; and 80) Support Detachment to Core-8 (Bolívar and Delta Amacuro) commanded by General Gilberto Ferrer Ruiz.

In addition, the members of the Board of Directors of the "Villa Zulia" Cultural Foundation, the unit GN headquarters (1937) by decision of Commander in Chief Eleazar Lopez Contreras, were sworn in. The foundation, under the direction of former GN Commanding General Eduardo Loaiza Giordano, will serve not only as the institution's historical military museum but also as a generational communications bridge between the GN members and civilian society.